OFFICIAL TRANSCRIPT OF PROCEEDINGS BEFORE THE POSTAL RATE COMMISSION

| In the Matter of: |) | | |
|-----------------------------------|--------|------------|---------|
| Postal Rate and Fee Changes, 2006 |) } | Docket No. | R2006-1 |
| |) | | |

VOLUME #19

Designated Written Cross Examination of USPS Witnesses Berkeley (USPS-T39), Bozzo (USPS-T12), Bozo (USPS-T46), Bradely (USPS-T14), Bradely (USPS-T17) Kelley (USPS-TIS), Kelley (USPS-T30), Loutsch (USPS-T6), **Milanovic** (USPS-T9), Mitchum (USPS-T40), O'Hara (USPS-T31), Page (USPS-T23), Smith (USPS-T13), Spatola (USPS-T49), Stevens (USPS-T19), Tang (USPS-T35), Taufique (USPS-T32), Taufique (USPS-T48), Thress (USPS-T7), Yeh (USPS-T38) and Institutional (USPS)

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BEFORE THE POSTAL RATE COMMISSION WASHINGTON, DC 20268-0001

Postal Rate and Fee Changes, 2006

Docket No. R2006-1

DESIGNATIONOF WRITTEN CROSS-EXAMINATION

<u>Party</u> <u>Interrogatories</u>

United States Postal Service

Susan W. Berkeley (USPS-T-39)

Postal Rate Commission DFCIUSPS-T39-56-57

PRC/USPS-POIR No.12 - Q14, 15 redirected to

T39

A. Thomas **Bozzo** (USPS-T-12)

Postal Rate Commission PRCIUSPS-POIR No.10 - Q6 redirected to T12

A. Thomas **Bouo** (USPS-T-46)

Postal Rate Commission PRCIUSPS-POIR No.9 - Q6 redirected to T46

United Parcel Service PRCIUSPS-POIRNo.9 - Q6 redirected to T46

Michael D. Bradley (USPS-T-14)

Postal Rate Commission PRCIUSPS-POIR No.4 - Q11, POIR No.16 -

Q17e, 17f, 17g, 18, 19-20, 21 redirected to T14

Michael D. Bradley (USPS-T-17)

Postal Rate Commission PRC/USPS-POIR No.3 - Q17 redirected to T17

John P. Kelley (USPS-T-15)

Postal Rate Commission PRCIUSPS-POIR No.15 - Q1(e) redirected to T15

Party Interrogatories

United Parcel Service PRCIUSPS-POIR No.15 - Q1(e) redirected to T15

John P. Kelley (USPS-T-30)

Postal Rate Commission PRCIUSPS-POIRNo.4 - Q4, POIR N0.16 - Q13,

14. 15, 16d, 16e redirected to T30

Richard G. Loutsch (USPS-T-6)

Postal Rate Commission PRCIUSPS-POIR N0.13 - Q1, POIR N0.16 - Q7

redirected to T5

Mico Milanovic (USPS-T-9)

Postal Rate Commission PRCIUSPS-POIRNo.16 - Q16a, 16b, 16c

redirected to T9

Drew Mitchum (USPS-T-40)

Postal Rate Commission PRC/USPS-POIR No.12 - Q1, 10, 11, 12, 13, 2-7

redirected to T40

Donald J. O'Hara (USPS-T-31)

PRC/USPS-POIR No.1 - Q12 redirected to T31 Postal Rate Commission

United Parcel Service ABA-NAPMIUSPS-T31-1

Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association

Inc.

Response to Question Posed at Hearing 8/30/06

(Tr. 1715252)

James W. Page (USPS-T-23)

Postal Rate Commission PRCIUSPS-POIR No.16 - Q2, 5 redirected to T23

Marc A. Smith (USPS-T-13)

Postal Rate Commission PRCIUSPS-POIR No.14 - Q1, 5 redirected to T13

| <u>Party</u> | <u>Interroaatories</u> |
|--------------|------------------------|
|--------------|------------------------|

Don M. Spatola (USPS-T-49)

Postal Rate Commission PRCIUSPS-POIR No.15 - Qla. 1b, 1c, Id. If, Ig,

1h, 1i, 1j redirected to T49

United Parcel Service PRC/USPS-POIR No.15 - QIa, Ib, 1c, Id, If, Ig.

Ih, 1i, I j redirected to T49

Dennis P. Stevens (USPS-T-19)

Postal Rate Commission PRCIUSPS-POIR No.4 - Q10, 12, 5 - 9, POIR

No.16 - Q17a, 17b, 17c, 17d redirected to TI9

Rachel Tang (USPS-T-35)

Postal Rate Commission PRC/USPS-POIR No.9 - Q2 redirected to T35

Altaf H. Taufique (USPS-T-32)

Postal Rate Commission PRC/USPS-POIR No.14 - Q2-4 redirected to T32

Altaf H. Taufique (USPS-T-48)

Douglas F. Carlson DFCIUSPS-T48-22

Postal Rate Commission DFC/USPS-T48-22

Thomas E. Thress (USPS-T-7)

Postal Rate Commission PRCIUSPS-POIR No.9 - Q1 redirected to T7

Nina Yeh (USPS-T-38)

Postal Rate Commission PostCom/USPS-T38-7-8

Institutional

David B. Popkin DBP/USPS-141, 151,257,267-270, 284-285, 340-

341, 370-371, ,418,435,440,442, 566, 568, 600-

629, 632-639, 641-669, 672, 674

Douglas F. Carlson DFCIUSPS-76a

1

Party

Office of the Consumer Advocate

Interroctatories

OCAIUSPS-78.96

Postal Rate Commission

PRCIUSPS-POIR No.5 - Q10, 11, POIR No.11 -

Q5, POIR No.12 - Q8-9

UPSIUSPS-4

VPIUSPS-T14-13-14, 18-19 redirected to USPS

United Parcel Service

DBP/USPS-557, 559

PRCIUSPS-POIRNo.11 - Q5

UPSIUSPS-4

Valpak Direct Marketing Systems,

Inc. and Valpak Dealers'

Association inc.

VP/USPS-T14-13-14, 18-19 redirected to USPS

Respectfully submitted,

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Steven W. Williams

Secretary

INTERROGATORY RESPONSES DESIGNATED AS WRITTEN CROSS-EXAMINATION

| Interroaatory | Designating Parties |
|--|----------------------------|
| <u>United States Postal Service</u> | |
| Susan W. Berkeley (USPS-T-39) | |
| DFCIUSPS-T39-56 | PRC |
| DFCIUSPS-T39-57 | PRC |
| PRCIUSPS-POIR No.12 - Q14 redirected to T39 | PRC |
| PRCIUSPS-POIR No.12 - Q15 redirected to T39 | PRC |
| A. Thomas Bono (USPS-T-12) | |
| PRCIUSPS-POIR No.10 - Q6 redirected to T12 | PRC |
| A. Thamas B and (UODO T 40) | |
| A. Thomas Bono (USPS-T-46) | |
| PRCIUSPS-POIR No.9 - Q6 redirected to T46 | PRC. UPS |
| Michael D. Bradley (USPS-T-14) | |
| PRCIUSPS-POIR No.16 - Q17e redirected to T14 | PRC |
| PRCIUSPS-POIR No.16 - Q17f redirected to T14 | PRC |
| PRCIUSPS-POIRNo.16 - Q17g redirected to T14 | PRC |
| PRCIUSPS-POIRNo.16 - Q18 redirected to T14 | PRC |
| PRCIUSPS-POIR No.16 - Q19 redirected to T14 | PRC |
| PRCIUSPS-POIR No.16 - Q20 redirected to T14 | PRC |
| PRCIUSPS-POIR No.16 - Q21 redirected to T14 | PRC |
| PRCIUSPS-POIR N0.4 - Q11 redirected to T14 | PRC |
| Michael D. Bradley (USPS-T-17) | |
| PRCIUSPS-POIR No.3 - Q17 redirected to T17 | PRC |
| John P. Kelley (USPS-T-15) | |
| • ` ' | PRC, UPS |
| PRCIUSPS-POIRNo.15 - Q1(e) redirected to T15 | PRO, UPS |
| John P. Kelley (USPS-T-30) | |
| PRCIUSPS-POIRNo.16 - Q13 redirected to T30 | PRC |
| PRCIUSPS-POIRNo.16 - Q14 redirected to T30 | PRC |
| PRCIUSPS-POIRNo.16 - Q15 redirected to T30 | PRC |

| <u>Interroaatory</u> | Designatina Parties |
|--|----------------------------|
| PRC/USPS-POIR No.16 - Q16d redirected to T30 | PRC |
| PRCIUSPS-POIR No.16 - Q16e redirected to T30 | PRC |
| PRCIUSPS-POIR No.4 - Q4 redirected to T30 | PRC |
| | |
| Richard G. Loutsch (USPS-T-6) | |
| PRCIUSPS-POIR No.13 - Q1 redirected to T6 | PRC |
| PRCIUSPS-POIR No.16 - Q7 redirected to T6 | PRC |
| Mico Milanovic (USPS-T-9) | |
| PRCIUSPS-POIR No.16 - Q16a redirected to T9 | PRC |
| PRCIUSPS-POIR No.16 - Q16b redirected to T9 | PRC |
| PRC/USPS-POIR No.16 - Q16c redirected to T9 | PRC |
| | |
| Drew Mitchum (USPS-T-40) | |
| PRCIUSPS-POIR No.12 - Q1 redirected to T40 | PRC |
| PRCIUSPS-POIR No.12 - Q10 redirected to T40 | PRC |
| PRCIUSPS-POIR No.12 - Q11 redirected to T40 | PRC |
| PRCIUSPS-POIR No.12 - Q12 redirected to T40 | PRC |
| PRCIUSPS-POIR No.12 - Q13 redirected to T40 | PRC |
| PRCIUSPS-POIR No.12 - Q2 redirected to T40 | PRC |
| PRCIUSPS-POIR No.12 - Q3 redirected to T40 | PRC |
| PRCIUSPS-POIR No.12 - Q4 redirected to T40 | PRC |
| PRCIUSPS-POIR No.12 - Q5 redirected to T40 | PRC |
| PRCIUSPS-POIR No.12 - Q6 redirected to T40 | PRC |
| PRCIUSPS-POIR No.12 - Q7 redirected to T40 | PRC |
| Donald J. O'Hara (USPS-T-31) | |
| ABA-NAPMIUSPS-T31-1 | UPS |
| PRCIUSPS-POIRNo.1 - Q12 redirected to T31 | PRC |
| Response to Question Posed at Hearing 8/30/06 (Tr. | Valpak |
| 1715252) | · sup sur |
| James W. Page (USPS-T-23) | |
| PRCIUSPS-POIRNo.16 - Q2 redirected to T23 | PRC |
| PRCIUSPS-POIR No.16 - Q5 redirected to T23 | PRC |
| 9 - | |

| Interroaatory | <u>Designatina Parties</u> |
|--|----------------------------|
| Marc A. Smith (USPS-T-13) | |
| PRCIUSPS-POIR No.14 - Q1 redirected to T13 | PRC |
| PRCIUSPS-POIR No.14 - Q5 redirected to T13 | PRC |
| Don M. Chatala (LICDC T40) | |
| Don M. Spatola (USPS-T49) | DDC LIDC |
| PRCIUSPS-POIR No.15 - Q1a redirected to T49 | PRC, UPS |
| PRCIUSPS-POIR No.15 - Q1b redirected to T49 | PRC, UPS |
| PRCIUSPS-POIR No.15 - Q1c redirected to T49 | PRC. UPS |
| PRCIUSPS-POIRNo.15 - Q1d redirected to T49 | PRC, UPS |
| PRCIUSPS-POIR No.15 - Q1f redirected to T49 | PRC, UPS |
| PRCIUSPS-POIR No.15 - Q1g redirected to T49 | PRC, UPS |
| PRCIUSPS-POIR No.15 - Q1h redirected to T49 | PRC, UPS |
| PRCIUSPS-POIR No.15 - Q1i redirected to T49 | PRC, UPS |
| PRC/USPS-POIR No.15 - Q1j redirected to T49 | PRC, UPS |
| Dennis P. Stevens (USPS-T-19) | |
| PRCIUSPS-POIRNo.16 - Q17a redirected to T19 | PRC |
| PRCIUSPS-POIRNo.16 - Q17b redirected to T19 | PRC |
| PRCIUSPS-POIR No.16 - Q17c redirected to T19 | PRC |
| PRCIUSPS-POIR No.16 - Q17d redirected to T19 | PRC |
| PRCIUSPS-POIR No.4 - Q10 redirected to T19 | PRC |
| PRCIUSPS-POIR N0.4 - Q12 redirected to T19 | PRC |
| PRCIUSPS-POIR N0.4 - Q5 redirected to T19 | PRC |
| PRCIUSPS-POIR No.4 - Q6 redirected to T19 | PRC |
| PRCIUSPS-POIR No.4 - Q7 redirected to T19 | PRC |
| PRCIUSPS-POIR No.4 - Q8 redirected to T19 | PRC |
| PRCIUSPS-POIR No.4 - Q9 redirected to T19 | PRC |
| Rachel Tang (USPS-T-35) | |
| PRCIUSPS-POIR No.9 - Q2 redirected to T35 | PRC |
| TROPOLO I OTRATOLO QUE TOUROUGUE TOU | • |
| Altaf H. Taufique (USPS-T-32) | |
| PRCIUSPS-POIR No.14 - Q2 redirected to T32 | PRC |
| PRCIUSPS-POIR No.14 - Q3 redirected to T32 | PRC |
| PRCIUSPS-POIR No.14 - Q4 redirected to T32 | PRC |

<u>Interroaatory</u> <u>Desianating Parties</u>

Altaf H. Taufique (USPS-T-48)

DFC/USPS-T48-22 Carlson, PRC

Thomas E. Thress (USPS-T-7)

PRCIUSPS-POIR No.9 - Q1 redirected to T7 PRC

Nina Yeh (USPS-T-38)

PostCom/USPS-T38-7 PRC
PostCom/USPS-T38-8 PRC

Institutional

DBPIUSPS-141 Popkin DBPIUSPS-151 Popkin DBPIUSPS-257 Popkin DBPIUSPS-267 Popkin DBPIUSPS-268 Popkin DBPIUSPS-269 Popkin DBP/USPS-270 **Popkin Popkin** DBP/USPS-284 **Popkin DBPIUSPS-285 DBPIUSPS-340 Popkin Popkin DBPIUSPS-341 DBPIUSPS-370 Popkin DBPIUSPS-371 Popkin Popkin DBPIUSPS-418 DBPIUSPS-435 Popkin DBPIUSPS-440 Popkin DBPIUSPS-442 Popkin UPS DBPIUSPS-557 UPS DBPIUSPS-559 DBPIUSPS-566 Popkin DBPIUSPS-568 Popkin** DBP/USPS-600 **Popkin Popkin DBPIUSPS-601 DBPIUSPS-602 Popkin DBPIUSPS-603 Popkin**

| Interroaatory | Designating Parties |
|---------------|---------------------|
| DBPIUSPS-604 | Popkin |
| DBPIUSPS-605 | Popkin |
| DBPIUSPS-606 | Popkin |
| DBP/USPS-607 | Popkin |
| DBPIUSPS-608 | Popkin |
| DBPIUSPS-609 | Popkin |
| DBPIUSPS-610 | Popkin |
| DBPIUSPS-611 | Popkin |
| DBPIUSPS-612 | Popkin |
| DBP/USPS-613 | Popkin |
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| DBPIUSPS-617 | Popkin |
| DBPIUSPS-618 | Popkin |
| DBPIUSPS-619 | Popkin |
| DBPIUSPS-620 | Popkin |
| DBPIUSPS-621 | Popkin |
| DBPIUSPS-622 | Popkin |
| DBPIUSPS-623 | Popkin |
| DBPIUSPS-624 | Popkin |
| DBPIUSPS-625 | Popkin |
| DBPIUSPS-626 | Popkin |
| DBP/USPS-627 | Popkin |
| DBPIUSPS-628 | Popkin |
| DBPIUSPS-629 | Popkin |
| DBPIUSPS-632 | Popkin |
| DBPIUSPS-633 | Popkin |
| DBPIUSPS-634 | Popkin |
| DBP/USPS-635 | Popkin |
| DBPIUSPS-636 | Popkin |
| DBPIUSPS-637 | Popkin |
| DBPIUSPS-638 | Popkin |
| DBPIUSPS-639 | Popkin |
| DBPIUSPS-641 | Popkin |
| DBPIUSPS-642 | Popkin |
| DBP/USPS-643 | Popkin |

| Interroaatory | Designating Parties |
|--------------------------|---------------------|
| DBPIUSPS-644 | Popkin |
| DBPIUSPS-645 | Popkin |
| DBPIUSPS-646 | Popkin |
| DBPIUSPS-647 | Popkin |
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| DBPIUSPS-667 | Popkin |
| DBPIUSPS-668 | Popkin |
| DBPIUSPS-669 | Popkin |
| DBPIUSPS-672 | Popkin |
| DBPIUSPS-674 | Popkin |
| DFCIUSPS-76a | Carlson |
| OCAIUSPS-78 | OCA |
| OCAIUSPS-96 | OCA |
| PRCIUSPS-POIR No.11 - Q5 | PRC, UPS |
| PRCIUSPS-POIRNo.12 - Q8 | PRC |
| PRCIUSPS-POIRNo.12 - Q9 | PRC |
| PRCIUSPS-POIRNo.5 - Q10 | PRC |
| PRCIUSPS-POIRNo.5 - Q11 | PRC |
| UPS/USPS-4 | PRC. UPS |

Interrogatory

VP/USPS-T14-13 redirected to USPS VPIUSPS-T14-14 redirected to USPS VP/USPS-T14-18 redirected to USPS VPIUSPS-T14-19 redirected to USPS

Designating Parties

PRC, Valpak PRC, Valpak PRC, Valpak PRC, Valpak **United States Postal Service**

Susan W. Berkeley (USPS-T-39)

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-56-57)

DFC/USPS-T39-56. Please refer to the responses to DFC/USPS-T39-2, 48, and 51. Please confirm that the Postal Service has no data to support your claim that electronic return receipt provides customers quicker access to the recipient's signature than a green Form 3811 return receipt. If you do not confirm, please provide the data.

RESPONSE:

While the Postal Service does not collect data on the speed with which customers receive delivery information from return receipt service, my knowledge of how electronic return receipt service works suggests that the scanning event and the downloading of this event will provide quick access to the signature. Therefore, this type of return receipt service generally should provide quicker access to the recipient's signature than the green card service, even though this is not measured in quantitative terms by the Postal Service. The green card needs to be mailed back to the customer and, therefore, does not have the potential to provide the signature right after it is added to the central database, like the electronic return receipt does.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-56-57)

DFC/USPS-T39-57. Please refer to the responses to DFC/USPS-T39-2, 48, and 51. Please confirm that the Postal Service has no data to support your claim that **electronic** return receipt provides access to the recipient's signature "at any time right after the delivery takes place." If you do not confirm, please provide the data.

RESPONSE:

Please see my response to DFC/USPS-T39-56 above. Additionally, the reference to "at any time" was part of a sentence containing "and access to this information on-line at any time." I meant that anyone could conceivably access the usps.com website on the Internet at any time of the day or night.

RESPONSE **OF** POSTAL SERVICE WITNESS BERKELEY TO PRESIDING OFFICERS INFORMATION REQUEST NO. 12

14. Currently, language in the business reply mail section in the DMCS is inconsistent. Section 931.1 1 and Fee Schedule 931 refer to permits and permit holders, while §§ 931.5 through 931.55 refer to licenses. Could the DMCS be clarified by replacing license" with "permit" in §§ 931.5 through 931.55?

RESPONSE TO QUESTION 14

Yes. Additionally, the reference, in DMCS 931.54 to "the license to mail" Business Reply Mail (by the permit holder) could be changed to "the permit to distribute" for both accuracy and consistency.

RESPONSE OF POSTAL SERVICE WITNESS BERKELEY (USPS-T-39) TO PRESIDING OFFICERS INFORMATION REQUEST NO. 12

15. DMCS Collection on Delivery § 944.34 states that "[t]he mailer may receive a notice of nondelivery if the piece mailed is endorsed appropriately." Due to the placement of § 944.34 under Included Services (with COD) and the section's language, § 944.34 might be interpreted as providing a notice of nondelivery at no cost to the mailer: however, a notice of nondelivery costs \$3.45 under proposed Fee Schedule 944. Would moving the language from Included Services (§ 944.34) to Other Services (which would require creating a new section — § 944.52) and adding language, as emphasized below, clarify that a fee is collected for a notice of nondelivery?

944.52 The mailer may receive a notice of nondelivery if the piece mailed is endorsed properly and the appropriate fee as set forth in Fee Schedule 944 is paid.

RESPONSE:

A notice of non-delivery is part of Collect on Delivery (COD) service, rather than an additional (separate) special service. While a notice of nondelivery has its own fee, that fee is specified in Fee Schedule 944 for COD service, rather than a fee schedule for another service. Therefore, the Postal Service believes it is appropriate that DMCS 944.34 remain in DMCS 944.3 as an included service. Following the approach in DMCS 944.35. the Postal Service would support adding to DMCS 944.34 the language "and the appropriate fee as set forth in Fee Schedule 944 is paid."

United States Postal Service

A. Thomas Bozzo (USPS-T-12)

6. At page 13 of USPS-T-I2, Postal Service witness Bozzo states:

My understanding is that the Evolutionary Network Development (END) changes may alter the identities of origin and destinating plants (LPCs and DPCs) and that Regional Distribution Centers (RDCs generally created from existing facilities) will assume ADC and AADC functions. See Docket No. N2006-1, USPS-T-I at 11-12. However, existing sorting technologies will remain is use. and the general organization of sorting activities appears likely to undergo evolutionary rather than revolutionary changes in the near future. In particular, the basic organization of processing at originating, destinating. and transfer facilities will remain largely intact.

(Footnote omitted.)

This passage seems to understate the degree of change expected by the test year due to the network realignment initiative based on information made public elsewhere about the nature, scope, and timing of that initiative. At the Great Lakes Area Focus Group meeting in Chicago, Illinois. on February 9, 2006, postal management provided a public briefing on its END initiative. It characterized its network realignment initiative as a program that will cause "drastic change" on a national scale, resulting in a standardized and streamlined network. As of February of this year, according to management, the Postal Service's goal was to construct a future network that trims 675 "Function 1" facilities down to 407, consisting of 71 RDCs, 258 LPCs. 60-70 Airport Transport Centers (ATCs), and 5-8 Remote Encoding Centers.

As described by postal management, RDCs are intended to be the "backbone" of a shape-based network, serving as Surface Transport Centers (regional hubs) for mail of all classes, and processing bundles and package mail of all classes. Management reported that by next February. it expects to convert all HASPS to Surface Transfer Centers, and to have 22 to 24 RDCs in place. It plans to convert P&DCs into LPCs and DPCs in two major phases in 2006, with additional phases planned for in 2007. *See* Docket No. N2006-1, USPS-T-2 (Williams) at 12.¹

If management's plans are carried out, it raises the prospect that by the 2008 test year, numerous P&DCs will have been upgraded to RDCs. which combine the roles of current ADCs. BMCs. and HASPS. As RDCs. these

¹ The future network that the Postal Service uses for planning purposes is also described in Docket No. N2006-1. As of July, 2006, the Postal Service plans a fulure network consisting of 419 "Function 1" facilities,69 RDCs. and 202 LDCs. and 103 DPCs. This is generally consistent with management's February description of the fulure network, but it assumes fewer LDCs. See response to Presiding Officer's Information Request No. 5, Question 7, filed June 9, 2006.

facilities will be refitted with next-generation tray, bundle, and package sorting equipment, have greatly expanded service areas, and altered internal and external mail flows. *See* USPS-LR-N2006-1/23. Numerous P&DCs will also have been converted to LPCs, requiring larger capital stocks to process outgoing volumes for a wider service area, while numerous other P&DCs are converted to DPCs. losing processing roles, volumes, and equipment. The Postal Service expects to capture economies of scale in the reconfigured facilities through standardization of its distribution concept, plant layouts, and processing procedures. *See* the Postal Service's responses to interrogatories OCA/USPS-36, and Postcom/USPS-T-1-2 in Docket No. N2006-1.

The amount of network realignment that is expected to take place by the test year has a number of implications for mail processing variability modeling. Network realignment is intended to shift enough volume among processing facilities to require facilities to alter their equipment configurations and staffing levels and, thereby, their marginal costs. This appears to conflict with a crucial maintained assumption underlying the Postal Service's mail processing variability modeling, i.e., that an operation at a given facility will only experience incremental changes in volumes over the rate cycle. This assumption was invoked to justify using a facility-level fixed-effect model rather from (sic) a random effects or ordinary least squares model to estimate variability. In addition to these substantial volume shifts among facilities. network realignment intends to reconfigure numerous facilities to perform fundamentally different tasks in the new RDC-based network. These proposed changes are aimed at increasing the average labor productivity of all postal operations.

If substantial progress toward network realignment is made by the test year, it raises the following questions:

- a. Are the estimating equations on pages 52-53 of USPS-T-12 based on an assumption that the estimated fixed-effect at one facility may differ from the estimated fixed effect at another facility because of persistent differences in the facility's network'role. mail mix, mail volume, plant layout, or management practices?
- b. In response to VPIUSPS-T12-6 in DocketR2006-1, witness Bozzo states that "the purpose of my analysis was to estimate systemwide elasticities applicable to entire mail processing cost pools." The estimating equations for automated operations on pages 52-53 of USPS-T-12 contain. the logarithm of the level of volume, In(TPF), and lagged vatues of this variable, and In(TPF), and lagged values of this variable. In addition, In(TPF) is interacted with In(CAP), In(DEL), In(WAGE) and In(TREND). This implies that the elasticity of HRS with respect to TPF depends on all these factors. Doesn't this functional form for this estimating equation imply that the systemwide volume variability estimate for processing operations will depend on the level and mix of mail volume at all the mail processing facilities in the sample, and depend on the distribution of In(CAP), In(DEL), In(WAGE) and In(TREND) across the sample of facililies?

- c. If the answer to the previous questions are affirmative, please state whether a model of mail processing cost variability by individual operation that uses a fixed-effects estimator that includes variables given in the estimating equations on pages 52-53 of USPS-T-12 and computes a systemwide estimate based on the current distribution of mail volume and mix across facilities, and the current distribution of In(CAP), In(DEL), In(WAGE) and In(TREND) across facilities, is an appropriate one to predict the impacts of the major network realignment that will be under construction in the test year? If so, why?
- d. As noted above, the Postal Service's mail processing cost variability models contain regressors that are intended to control for unobservable processing plant characteristics that impact the level and sensitivity of labor costs to TPF. The "fixed" effects control for persistent unobservable plant characteristics that impact the level of In(HRS). fill Isn't it true that the Hausman test for the appropriateness of the fixed effects estimator versus the random effects (or ordinary least squares) estimator relies on the fact that the fixed effects can be correlated with the regressors (the right-side variables in the equations on pages 52-53 of USPS-T-12)? (iii) Isn't it also true that correlation between the facility-specific random effects and the regressors implies that the probability limit of random effects and ordinary least squares slope coefficient estimates are not the same as the probability limit of the fixed-effects slope coefficient estimates? [iii] Further, isn't it true that the Hausman test examines the validity of the lack of correlation between the regressors and the random effects? Therefore. wouldn't a statistically significant difference between the coefficient estimates in the fixed effects and the random effects models be evidence in favor of the alternative hypothesis, i.e., that the facility-specific effects are correlated with the regressors, including In(TPF)? [iv] The hypothesis testing result reported in USPS-T-12 rejecting the random effects assumption in favor of the fixed effects assumption implies correlation between the fixed effects and In(TPF). The cross-sectional correlation between the fixed effects and In(TPF), and the fixed effects and other right-hand side regressors, implies that if there were substantial changes in these regressors this would result in a significantly different facilityspecific effect under the re-organized postal network. Please resolve this apparent contradiction between assuming that the fixed effects of a facility will be invariant to significant changes in volume, with the hypothesis testing result that indicates that there is cross-sectional correlation between In(TPF) and the facility-specific effect.
- e. Given the answer to the previous question, please discuss why a fixed effects estimator is capable of accurately modeling the variability of the mail processing network in the test year when an RDC-based network will be under construction, and many plants will have radically different capital stocks, service areas, and network roles.

Response.

The preamble to the questions raises a number of issues regarding the scope and applicability of the Base Year mail processing volume-variability analysis, as well as the effects of network realignment on the analysis, that merit discussion before I address the Commission's specific questions.

The Commission is justified in being concerned about the applicability of the models going forward prior to adopting a better-founded analysis than its current 100 percent variability assumption. In this regard, the Commission should be aware that the Base Year econometric analysis primarily covers operations that would undergo evolutionary rather than revolutionary changes due to network realignment, especially in the time frame of the Test 'Year. consistent with my statement in the quoted passage from USPS-T-12.

A large majority of the costs covered **by** the econometric volume-variability analysis40 percent—are in letter and flat piece sorting operations in which the outgoing (LPC) and incoming (LPC and DPC) piece sorting operations will substantially resemble their current **P&DC** counterparts. I am informed that the AMP facility consolidation process has been advancing more slowly than was originally indicated in Docket No. **N2006-1**, with several **of** the FY 2006 AMP studies having been concluded without action and few of the remaining studies in final review or implementation stages of the process. This would tend to further

limit the effects of facility consolidation over the current Base Year to Test Year time horizon.

The remaining 20 percent of costs are in mechanized bundle (SPBS) and manual parcel and Priority Mail operations. The APPS. the equipment used in the cornerstone operations for RDC automated bundle processing, is too new to have sufficient data for the econometric models, and so is presently outside the scope of the analysis; by the time sufficiently long APPS data series are available, those data will reflect the RDC-based processing environment. Nor is there any evidence for the existing SPBS operation that suggests that variabilities differ systematically by the scale of the operation (see the response to Docket No. N2006-1, POIR No. 6, Question 1). My understanding from sources with operational knowledge of the changes is ihat the number of facilities processing parcels and Priority Mail will not change dramatically by the Test Year.

When AMPs are implemented, the scale of some operations will indeed increase. However, since most AMPs involve absorbing mail processing operations (or portions thereof) at smaller facilities into considerably larger neighboring plants, to characterize the changes as "radical" on a systemwide basis is inaccurate. This is particularly the case for **consolidations of** outgoing mail processing, since it is generally not necessary to expand a plant's capital stock at all to accommodate mail volumes from neighboring facilities. Stocks of automated

piece sorting equipment are sized for the much larger (due to presorting and greater depth-of-sort) incoming operations. For example, BY2005 incoming workload is three times larger than outgoing workload for BCS operations and 2.5 times larger than outgoing workload for AFSM 100 operations. Thus, it would be possible to radically consolidate outgoing processing (and managed mail operations) without significant changes to capital equipment stocks.

The preamble to the question, in claiming

...that an operation at a given facility will only experience incremental changes in volumes over the rate cycle [is a critical assumption] to justify using a facility-level fixed-effect model rather from (sic) a random effects or ordinary least squares model to estimate variability

mischaracterizes the motivation for the fixed-effects analysis. The facility-level fixed-effects model is motivated **by** the underlying economic "experiment" that is appropriate for the measurement of mail processing marginal costs; further, use of the fixed-effects model specifically reflects the fad that after time-varying factors are taken into account (including MODS volumes, the size of the sites' delivery networks, and capital input quantities), there remain significant site-specific (**or** time-invariant) cost-causing factors. Prof. Mark Roberts did an excellent **job** of describing the key issues during the March **14,2006**, workshop on his mail processing model (Transcript. March **14,** 2006 workshop. at 37-40), specifically in the context of the planned network realignment:

[Q.:] ...[O]ne of the things that we've been seeing from other cases filed recently is how much the Postal Service has

tried to reorganize its network starting now, I guess, in 2001 it had an area mail processing initiative where they tried to consolidate the functions at certain plants, taking away, for example, outgoing sorts from smaller plants, consolidating at larger plants. Now, they're trying to reconfigure the network to apparently more closely resemble a hub and spoke configuration than what they have now. Apparently, [these] are quite extensive reconfigurations that they have been doing and contemplate doing.

My question is does that make the particular role that a particular plant plays in the network so volatile that a fixed effect approach may not be valid?

MR. ROBERTS: A fixed effect is correcting for a number of things in the model. Let me back up and explain. Here's what I view the fixed effects as doing, okay? In these models. Because I use them as does the Postal Service, so I think they're appropriate to use and here's the reason, is that there are certain things about plants that make them different, that one plant, even if we took all the observable characteristics that we could, the capital stocks in particular, and we took the exact same capital stocks from one plant and we stuffed them into another plant, would that second plant replicate what goes on in the first one?

I think the answer is probably no, it wouldn't. that there are going to be unique things about that second plant that make it different from the first one, even when we control as much as possible for the observable things that are different.

Another way of asking the question. sort of looking at the question. would be suppose we had a small plant and we had a large plant. Do we want to use the size difference in these two plants to estimate our output elasticity? Do we really want *to* use the fact that one plant is small, has small FHP, small hours, another plant is large. and look at the difference between those two and say, oh, yes, that's telling us about the output elasticity that we want to measure?

Effectively what we're saying is if that little plant grew up, it would look like the big plant and I think that's probably not true in most case, that when you take the small plant and you try to make it handle the mail volumes and do things the way the large plant did, it's still going to come out with a different mix of hours and FHP. And **so** the idea is that the cross plant differences are not really picking up the right kind of variation in the data.

They're picking up variation that is reflecting things that are permanent differences across plants. Someone mentioned earlier in the day whether they're two-story or one-story plants. That's the sort of thing a fixed effect would control for nicely.

So what we're saying is we don't want to use that variation in the data to estimate the output elasticity. It's not the right kind of experiment in the data to estimate the output elasticity. What we really want to estimate the output elasticity is if the plant got more FHP coming into it, more volume, what's the range of responses that that plant could make in terms of its use of hours?

So I think it's much more the time series variation in the data that we want to use for estimating the output elasticity than it **is** the cross plant differences.

Now. that said, both sources of variation, time variation and cross plant variation, have got useful information in them and they have some less than useful information in them and it's a matter of degree how much **of** one we're throwing away when we get rid of the other.

I think a reasonable compromise is to include the fixed effects because they deal with things that are likely to be non-reproducible or non-replicable differences across plants. So that would be my argument for using them.

Finally, it is important to keep in mind that the analysis in USPS-T-12 is not, nor is it meant to be, a stand-alone analysis of Test Year costs. As an input to the volume-variable cost calculations for the mail processing component of the Base Year CRA. its purpose is to contribute to the accurate measurement of the actual volume-variable costs of the Postal Service under the operating conditions prevailing in the Base Year. Accurate estimates of Base Year CRA volume-variable costs are, in turn. important as major inputs into the estimation of Test Year costs in the rollforward model. It is within the rollforward model, not the Base Year CRA, that adjustments to reflect cost changes from future changes to the operational plan are made. (See Docket No. R2000-1, USPS-T-16 at 9-10.)

And, insofar as the changes to the operational plan are expected to reduce the Postal Service's costs—and presumably to decrease or at least not increase mail

processing marginal costs—the question would be how the higher marginal costs that would result, other things equal, from higher volume-variability factors such as those produced by biased estimators such as ordinary least squares would better measure forward-looking mail processing costs than the Postal Service's Base Year variabilities.

a. The recommended estimating equation specifications are based on the demonstration, through statistical hypothesis tests, of site-specific cost causing factors that do not vary (or vary minimally) over time. Since mail volume and mail mix do vary considerably over time, and indeed the relevant mail processing volumes (workloads) are explicitly included as right-hand side explanatory variables, those factors will not be captured by the site-specific fixed effects, which by construction reflect time-invariant facility characteristics. In his March 14, 2006 workshop, Prof. Roberts addressed the matter directly (Transcript of March 14, 2006 workshop at 40-42):

[Question]: I guess the thing I was focusing on is if the essential differences between plants don't seem actually to be fixed, then I guess what your response was that you sort of have an intuitive belief that the essential differences somehow are fixed even if you're doing radical reconfiguring.

MR. ROBERTS: Well, to the extent you're doing radical reconfiguring, too, it should show up in the time varying data and that's really what we're relying on to estimate these output elasticities. Think of the variation in the data, some of it's systematic and permanent across plants and some of it is time varying for both plants. If the system is under reconfiguration and volumes are being shifted from one plant to another over time, that kind of stuff is picked up in the time dimension of the data and that's what we are using to estimate the output elasticities.

So it's really a matter of — I guess it's a broader issue that I've wrestled with in using this data and it comes out when I talk about quarterly variation in this paper as what's the right experiment in the data, what's the right source of variation to use in estimating the output elasticity that we're after?

Ideally, the experiment we would like to do is take a plant and control the amount of mail that's going into the plant over time. So one day we get a million pieces, the next day we give it two, we give it three and we watch how the plant responds in terms of its hours used. If we could run a controlled experiment to measure the output elasticity, I think that's what we would do. We would just vary the volumes going into the plant and watch how the plant responds with hours.

So what we want when we approach a data set like the MODS data set, I approach it saying where is that kind of variation showing up in the data? Is it showing up in differences between a small plant and a large plant? No, I don't think so. I don't think that's the kind of data variation want to use.

Is it showing up in the time series variation for an individual plant? **Yes, I** think it is because now what we're seeing is, yes, a plant is in operation in a low quarter and then it moves to a busy quarter and volumes increase by 25 percent but that's reality, the plant is getting 25 percent more volume and it's dealing with it. So I look at the data, the quarterly variation, I say that's a good source of variation to use because that really is approximating the kind of experiment that we'd like to run for measuring the output elasticity, whereas I don't think the cross plant differences is the right kind of experiment.

While there are a priori operational and theoretical considerations that originally led the Postal Service to consider panel data fixed effects models, the recommendation that such models be employed in the development of base year costs is based on the repeated showing that alternative regression models that do not control for site-specific fixed effects are to be rejected as producing biased and inconsistent estimates of volume-Variability factors. (Please *see* USPS-T-12 at 73-74; Docket No. R2005-1, USPS-T-12 at 51-52; Docket No. R2001-1,

USPS-T-14 at 63-64; Docket No. R2000-1, USPS-T-15 at 122-124: Docket No. R97-1, USPS-T-14 at 39-46.)

- b. Yes. Naturally, the results of an econometric analysis will depend on the data. More specifically for econometric analyses using flexible functional forms such as the translog, quadratic, and the like, economic quantities of interest such as elasticities are functions of coefficients and data. This requires that the elasticities be evaluated at suitable values of the data. For the mail processing analysis, the purpose as noted above is to obtain accurate elasticities for use in the development of Base Year costs, so the elasticities are evaluated using base year average values of the data. Please see also Docket No. R2000-1, USPS-T-15 at 72-79. My understanding is that related procedures are or have been employed in other cost segments where the Base Year volume-variable cost methods involve flexible functional forms.
- c. **As** noted in response to part **(b)**, the choice **of** evaluating the translog-based elasticities using Base Year data is intended to yield accurate estimates applicable **to** the Base Year CRA. Moreover, my Understanding is that the effects of network realignment on Test Year costs would be implemented as a cost reducing program in the rollforward model.

In principle, it would be possible to evaluate the mail processing elasticities at other in- or out-af-sample values of the data. (For instance, in Docket No. R97-1, the mail processing elasticities were evaluated at the overall sample means, rather than the means for the Base Year observations.) The practical question is

how much a hypothetical set of alternative out-of-sample values would differ from the Base Year values to reflect changes in workloads, delivery points. capital input, trend effects, and so on, and how sensitive the elasticity calculations are to the changes

In fact, elasticities from the translog models are not very sensitive to the within-sample values of the data used to evaluate the elasticities. The output files in USPS-LR-L-56 report elasticities evaluated at the overall sample means as well as with the base year means. As shown in the table below, evaluating the elasticities at the base year means instead of the overall sample means has relatively small effects (ranging from -3 to +6 percentage points) with an unweighted average difference of one percentage point.

Effect of Elasticity Evaluation Method on Translog Elasticities

| Cost Pool | BY 2005 Mean | Overall sample mean | Difference |
|--------------------|--------------------|---------------------|------------|
| AFSM 100 | 0.99 | 1.00 | -0.01 |
| Incoming BCS | 0.82 | 0.83 | -0.01 |
| Outgoing BCS | 1.06 | 1.03 | 0.03 |
| OCR | 0.78 | 0.81 | -0.03 |
| FSM 1000 | 0.72 | 0.72 | 0.00 |
| SPBS | 0.87 | 0.81 | 0.06 |
| Average Difference | ce | | 0.01 |

While it would be expected that AMP consolidations will gradually increase the size of a "typical" plant, given that the number of LPCs and DPCs will not differ tremendously from that of the P&DCs, P&DFs, DDCs, and post offices housing

Function 1 operations presently in the USPS-LR-L-56 data set, it stands to reason that the "typical" LPC will not become dramatically larger than its P&DC or P&DF predecessor. As shown in the table below, changing the scale of the "average" operation used to evaluate the elasticities by large amounts has relatively small consequences for evaluation of the elasticities. Thus, the elasticity calculations should be relatively robust to facility size effects from network realignment.

Effect of "Typical" Operation Scale on Selected Translog Elasticity Evaluations

| | Scale Factor for TPH. | 1 |
|-----------|-------------------------|--------------------------|
| Operation | Deliveries, and Capital | Evaluated Elasticity (*) |
| OCR | 1X (BY 2005 values) | .783 |
| OCR | 2X | .735 |
| OCR | 0.5X | .830 |
| SPBS | 1X (BY 2005 values | .866 |
| SPBS | 2X | .860 |
| SPBS | 0.5X | .872 |
| | | |

^(*) See response to POIR No. 8, Question **10** for methodology

- d. For clarity, I have divided this question into five subparts, each with a separate response.
- (i) Not exactly. The Hausman test makes use of a general result for the asymptotic distribution **of** the difference between an estimator that is consistent under both the null and alternative hypothesis (in this case, the fixed effects estimator) and an estimator that is consistent and statistically "efficient" under the null hypothesis but inconsistent under the alternative hypothesis (in this case, **the** OLS and/or random effects estimator). Specifically, the OLS estimator is

inconsistent in the presence of site-specific effects, and the random effects estimator is inconsistent if its assumption that the random effect and the regressors are uncorrelated.

- (ii) Yes. If the site-specific effects are present and correlated with the regressors, the fixed-effects estimator is consistent—i.e., its probability limit is the "true" coefficient vector. In contrast, the OLS and random effects estimators are inconsistent under such conditions—i.e., their probability limits take some values other than the "true" coefficient vector
- (iii) Yes. The alternative hypothesis for the Hausman test of fixed versus random effects may be characterized as a violation of the random effects model's assumption (the null hypothesis) that the individual effects and the regressors are uncorrelated. Most notably, rejection of this null nypothesis implies that the random effects estimates are inconsistent
- (iv) There is no contradiction. The question inappropriately concludes from the correlation between the site-specific effects and the explanatory variables that there is causality from the explanatory variables to the site-specific effects.

 Indeed, to the extent there is any causal relationship. the direction of causality is the opposite of that implied by the question. **As I** noted in Docket No. R2000-1 (Tr. **15/6418-9**; **6423**):

I.wouldn't agree with the statement... that volume does cause network characteristics... The statement that I have in mind is at lines 19 and 20 of the testimony [Docket No. R2000-1, USPS-T-15 at 47] is that the observable network characteristics, which are primarily the location of the delivery points the Postal Service actually serves, are clearly not determined by mail volumes, but rather that the other way around; that the patterns of mail volumes

and deliveries of pieces in the Postal Service are determined by the geographical dispersion and other characteristics of the Postal Service's network. That's what I mean by the statement...

[1]t is also my belief that many of these hard-to-measure characteristics of [the] network -- for instance, its geographic dispersion or whether it is located in an urban or rural area - are features of the facilities that are unlikely to change much if at all over time, so... the fixed effects terms are present in the model in part to capture the effects of unmeasured characteristics of the network.

Please see also the response to part (a).

e. As slated above, the fixed-effects model is appropriate and indeed required for consistent estimation of the Base Year elasticities (volume-variability factors) and thus accurate estimation of Base Year volume-variable costs. Accurate Base Year costs are the appropriate basis for projecting Test Year costs, including the effects of network realignment activities between the Base Year and Test Year.

As Prof. Roberts noted, see the response Io part d(iv), the cost consequences of network realignment would, over time, manifest themsolves in the time-varying data. Thus, the appropriate econometric method to address changes to operations is not to employ inconsistent estimators for Base Year variabilities, but rather to employ statistically consistent estimation methods, such as the fixed effects and fixed effects/instrumental variables models, in conjunction with periodic updating of the analysis to reflect current Base Year operating conditions. Changes to future operating conditions are appropriately incorporated in the rollforward model to adjust *Test* Year costs

United States Postal Service

A. Thomas *Bouo* (USPS-T-46)

REVISED SEPTEMBER 8.2006

RESPONSE OF POSTAL SERVICE WITNESS BOZZO (USPS-T-46) TO POIR NO. 9, QUESTION 6

- Please refer to witness Van-Ty-Smith Tables 5.1, 5.2. and 5.3 provided in USPS.T.I 1.Rule.53.Tables.xls showing volume variable costs by subgroup of cost pools for Plants, Post Offices, Stations and Branches. and BMCs. Examining the growth rate in total mail processing costs by subclasses between FY 2005 and FY 2004 shows that certain subclass cost increases appear disproportionate to their volume changes for the same period. For example, Outside County Periodicals volumes declined by .8 percent while its mail processing costs increased by 5 percent. Similarly, Standard ECR volume increased by 6 percent while its corresponding costs went up by 53 percent.
 - a. **Identify** the cost drivers including any operational or cost methodological changes that may have led to such increases in Periodicals, Standard ECR. etc.
 - Please provide an explanation in those instances where the cost pool has increased or decreased more than 10 percent in FY 2005 compared to FY 2004.

RESPONSE.

- a. The discussion of subclass cost changes in USPS-T-46, Section IV.C (pages 31-41) is largely applicable both to the Postal Service and Commission costing methods. To facilitate discussion of certain differences, in Attachment 1 to this response, I show a table comparable to USPS-T-46. Table 6, based on the Commission's mail processing cost methods. In addition to the factors cited below, differences between the Postal Service and Commission methods in the treatment of not-handling tallies in certain cost pools, and in the formation of PO/Station/Branch cost pools lead to generally minor variations in results for various subclasses. The major differences are as follows:
 - Priority Mail; Package Services subclasses: These categories show smaller
 "distribution key" effects compared to the Postal Service methodology. This

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appears to be the result of the Commission's mixed-mail methods generally not making use **of** shape and item information from 'identified" mixed-mail tallies in allied labor cost pools. Thus, my understanding is that the increased tallies for loose parcels in mixed containers (see USPS-T-46, page **40**, lines 2-6) would be distributed, in large part, to non-parcel shape mail.

- Outside-County Periodicals: The unit cost increase in the Commission method, net of the increase in the volume-variable cost (WC) level, is relatively small (3.5%) and no more than marginally significant (1.6 standard errors), though differs from Postal Service methods which show zero UWC increase above the WC cost level change. The difference appears to result from the differences from the Postal Service method in the distribution of certain mixed-mail and not-handling tallies in the Commission's method, as noted above
- Express Mail: The "cost pool" effect is larger in the Commission's method,
 driven by a percentage increase in MODS workhours for the "Function4"

 Express Mail cost pool (LD48 EXP) that exceeds the increase in the Postal
 Service's IOCS-based PO/Station/Branch costs in Express Mail pools. The
 Postal Service methodology, which consolidates Function4 MODS costs with
 the non-MODS PO/Station/Branch cost pools, appears to mitigate this effect.

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- b. Instances in which the cost associated with a cost pool has increased or decreased more than 10 percent in FY 2005 compared to FY 2004 reflect four main causes:
 - 1. Redefinitions of cost pools, as described in Section B.1 of USPS-T-11, page 4 to page 6, starting at line 13. items 1-3. The following table shows the "gross" change from BY 2004 to BY 2005, the "would-have-been" change applying BY 2004 cost pool definitions to FY 2005 costs, and a description of the change

| | | BY 04 - BY 05 | Change w/ BY04 pool | Explanation |
|----------|-----------------------------|-------------------------|------------------------|--|
| SAS Name | Cost Pool | change | definitions | |
| SPBSPRIO | SPBS - Priority | 53% | 5% | Transfer of costs |
| PRIORITY | Manual Priority | 36% | 9% | from PMPC cost |
| 1PLATERM | Platform | 13% | 9Yo | pool to specific MODS operations |
| PMPC | PMPCs | -100% | 26% | Additional non- Priority Mail operations at L&DCs increased Priority Mail volumes |
| INTL ISC | Int'l Service Centers | 35% | 1% | Transfer of costs for a facility from the BMC group to the ISC pool |
| LD 15 | LDC 15 (Remote Encoding) | 24% | 4% | AFSM video coding transferred Io LDC 15 cost pool (work carried out at RECs) |

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| | | BY 04- | Explanation |
|----------|-----------------|----------|------------------------|
| [| | BY 05 | |
| SAS Name | cost Pool | increase | |
| FSM/ | FSM 881 | -100% | FSM 881 equipment |
| | | | withdrawn from service |
| MECPARC | Mechanized | -29% | Workload (TPH) |
| | parcels (MODS) | | decrease of 54%. |
| 1SACKS M | Mechanized | -19% | Workload (TPH) |
| _ | Sort— | | decrease of 36% |
| | Sacks/Outsides | | |
| | (MODS) | | |
| ITRAYSRT | Mechanized Tray | 14% | Workload (TPH) |
| | Sorter (MODS) | | increase of 31% |

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3. Updates in cost pool MODS hours as shown in Table I-2A of USPS-LR-L-55 as compared with Table I-2A of USPS-LR-K-55

| SAS Name 1PRESORT | cost Pool Presorted Mail | BY 04- BY 05 increase 169% | Comment MOD 002 set as TACS base operation for LDC 17. |
|----------------------|---|-------------------------------------|--|
| MAILGRAM | Mailgram | -18% | Declining volume for Mailgram product. |
| REWRAP | Damaged Parcel Rewrap | 24% | Increase in MOD 109 hours |
| 1MISC | Miscellaneous Activities (MODS Function | 12% | Increase in MOD 083 (PARS Waste Mail) due to increased PARS volumes. Also increases in MOD 560- 564 (Misc. Activity). |
| LD42 | Unit Distribution— Mechanized | 103% | Redeployment of some UFSM 1000 equipment to smaller offices, including Function 4 facilities |
| LD48 EXP | Customer Service Express Mail | 118% | See note below. |
| LD48 OTH | Customer Service—Other | 23% | |

The **costs** for the LD48 EXP and LD48 OTH pools (and, by extension, the other LDC 48 pools) are affected by changes in MODS participation by customer service (Function 4) facilities. Overall LDC 48 costs from the pay data system are believed to be reliable, as workhour and cost data by LDC do not depend on MODS participation, but the base **of** MODS hours used to distribute the LDC **costs** to cost pool has become markedly

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smaller as Function 4 offices have ceased reporting MODS, raising the question of whether remaining function 4 facilities reporting MODS are fully representative. Thus, the Postal Service's recommended method assigns PO/Station/Branch mail processing to cost pools based on IOCS data, which are also independent of MODS participation, similar to the treatment of 'non-MODS" post offices, stations, and branches in both the Commission and Postal Service methods.

4. Cost pools affected by the IOCS Redesign as summarized in USPS-T-I1, page 6, item 5: also described in USPS-T-46, section II.C.I and IV.B. This affects the PO/STA/BR and BMC cost pools which rely on IOCS activity information to assign costs to cost pools, all of which (except BMC NMO) show cost changes exceeding 10 percent.

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Attachment 1, Response to POIR No. 9, Question 6

Decomposition of Changes in Mail Processing Cost (as in Table 6, USPS-T-46), Using Commission Cost Methods

| Subolass | Cost Pool | Dist Key | Cost Level | Total Cost | Volume | Unit Cost | vs. Cost Level | Approximate Standard Difference* |
|---------------------|-----------|----------|------------|------------|--------|-----------|-------------------|--|
| First-Class SngIPC | %9.0- | -3.8% | 4.1% | -0.5% | | 3.6% | %5'0- | |
| First-Class Presort | 0.7% | 6.8% | 4.1% | | | 8.0% | 3.7% | |
| FCM SngIPC - CARD | -1.7% | -2.1% | 4.1% | | -0.2% | 0.4% | -3.6% | -0.74 |
| FCM Presort - CARD | -1.0% | 20.2% | 4.1% | | | 15.8% | 11.2% | |
| Driority | 3 0% | %5 € | 4.1% | | 4.6% | 6.5% | 2.3% | 1.17 |

| Within-County Penodicals | 0.0% | 41.8% | 4.1% | 47.0% | 0.3% | 47.170 | 41.370 | 20.3 |
|-------------------------------|-------|-------|------|-------|-------|--------|--------|-------|
| Outside-County Periodicals | -2.2% | 2.0% | 4.1% | %6.9 | -0.8% | 7.8% | 3.5% | 1.60 |
| Standard-ECR | 4.5% | 52.9% | 4.1% | 52.1% | 6.1% | 43.3% | 37.7% | 10.99 |
| Standard-Regular | -1.2% | -5.2% | 4.1% | -2.5% | 5.4% | -7.4% | -11.0% | -8.79 |
| Parcel Post | 3.8% | 8.6% | 4.1% | 17.3% | 3.2% | 13.6% | 9.2% | 2.33 |
| Bound Printed Matter | 3.3% | 1.4% | 4.1% | 9.0% | 5.4% | 3.4% | -0.7% | -0.12 |
| Media Mail | 6.2% | -9.1% | 4.1% | 0.5% | -4.3% | 2.0% | 0.9% | 0.14 |
| nternational Mail | %L U- | 4 4% | 4 1% | -1 2% | %6.0 | -2.1% | -6.0% | -2.05 |

^{* &}quot;Unit Cost vs Cost Level" divided by the approximate CV.

United States Postal Service

Michael D. Bradley (USPS-T-I4)

- 17. Please refer to the SAS Log entitled "City Carrier Street Time Model.2004 data.variability equations.encrypted.log" in USPS-LR-L-180, where the text begins "Note: 36226 records were read from the infile PAVOL," yet four lines later, the log reads "[t]he data set work.pavol has 36224 observations...."
 - a. Please confirm that the file entitled "PAVolume MaskedZips.xis," found in USPS-LR-L-179 is the source for file PAVolume MaskedZips.pm.
 - b. Please confirm that PAVolume.MaskedZips.xls has 36226 observations.
 - c. Please confirm that the PAVolume.MaskedZips.xls does not contain an "XX" value for the variable rteno.
 - d. If you do not confirm, please identify which ZIP Code, date combination(s) contains a rteno value of "XX."
 - e. Please confirm that SAS would not create any missing observations for the term nrteno = I'rteno produced in the portion of "City Carrier Street Time Model.2004 data.variability equations.encrypted.log", line 1121, entitled "data pavol2."
 - f. If you do not confirm. please identify the ZIP Code, date, and rteno combination(s) for which SAS creates a missing value(s) for nrteno = l'rteno.
 - g. If you confirm either c. or e., please explain why the SAS log in the above-mentioned file contains two fewer observations for the tile entitled work.pavol1 than the infile PAVOL." Please identify the two observations deleted from PAVolume.MaskedZips.xls by ZIP Code, date, and rteno combination.

Response:

- a. Answered by witness Stevens.
- b. Answered by witness Stevens.
- c. Answered by witness Stevens.
- d. Answered by witness Stevens.
- e. Not confirmed. I believe that this is a conditional statement. That is, if the variable entitled "rteno" had a missing value, then SAS would create a

missing value for the variable 'nrteno." However, the SAS log indicates that there are no missing values for the variable "rteno."

- f. The relevant section of the SAS log is reproduced below. Note that the log indicates that SAS converted character values to numerical values, not that there are any missing variables created.
- g. Two observations were dropped because they contain missing values
 The two observations are listed below:

| Masked ZIP Code | Route Number | <u>Date</u> |
|-----------------|--------------|-------------|
| 47421 | 25 | 04/26/04 |
| 76367 | 09 | 04/21/04 |

```
1105 DATA pavoll;
1106 infile PAVOL;
1107 input mzip rteno $ date $ pcl sprs a d
1108 Itra Iham flub fham mham ptub
1109 prregcol prpickup paregcol papickup eregcol epickup;
1110
1111
1112
1114 *** This section of the program converts alphabetic route numbers ""
1115 *** and constructs a unique Zip-Route D for each route ***:
1117
1118
The infile PAVOL is:
  FileName=C:\PAVolume.MaskedZips.pm,
  RECFM=V,LRECL=256
```

NOTE: 36226 records were read from the infile PAVOL.

The minimum record length was 126. The maximum record length was 128.

NOTE: SAS went to a new line when INPUT statement reached past the end of a NOTE: The data set WORK.PAVQL1 has 36224 observations and 18 variables. NOTE DATA statement used: real time 0.54 seconds 0.13 seconds cpu time 1119 data pavol2; set pavcil: 1120 if rteno = "XX" then nrteno=99.9; else 1121 nrteno=1*rteno; 1122 if nrteno="." then nrteno=11.1; 1123 rtind=nrteno/100; 1124 1125 ** Convert the collection mail volume from......; 1126 ** tubs, hampers and trays into pieces 1127 1128 ziprt=mzip+rtind; 1129 1130 1131 1132 *** This section of the program eliminates any duplicate **** 1133 *** Zip-route, day observations in the PA Volume data 1134 " 1135 NOTE: Character values have been converted to numeric

values at the places given by: (Line):(Column).

1121:10 1122:11

- 18. Please refer to USPS-LR-L-180, file "City Carrier Street Time Model. 2004 data.variability equations.encrypted.sas." Please confirm whether the following are true:
 - a. the term "ldp*mlet*dp" in the pdelt calculation should, instead, be "ldp*mlet*mdp;"
 - b. the term "dens'mdens" should also be included in this same calculation for the variable pdelt: and
 - c. if confirmed, please provide the corrected elasticities for each calculation of pdelt where these errors occurred.

RESPONSE:

- a. Confirmed
- b. Confirmed.

С

Regular Delivery Time Equation

Docket No. 2005-1 Specification Full Quadraticw/ Non-Restricted Quadratic w/ Motorized 8 Business Non-Motorized & Full Quadratic Ratios **Business Ratios** Revised Original Revised Original Revised Original 24.21% 23.57% 17.76% 17.62% 17.71% 17.42% _etters 10.79% 10.51% 11.57% 11.47% 11.74% 11.55% Flak 0.60% 1.39% 1.38% 1.35% Sequenced 0.62% 1.38% 0.78% 1.83% 1.80% Collection 0.80% 0.76% 0.75% Small Parcels 7.62% 9.84% 9.57% 7.56% 8.32% 8.18%

"Three Bundle" Specification
Full Quadratic w/ Non-Restricted Quadratic w/
Motorized & Business Non-Motorized 8
Full Quadratic Ratios Business Ratios

| DPS | 27.55% | 27.33% | 26.52% | 25.17% | 19.78% | 19.11% |
|------------|--------|--------|--------|--------|--------|--------|
| Cased LFP | 15.20% | 15.08% | 11.36% | 10.93% | 14.93% | 14.43% |
| Sequenced | 0.30% | 0.30% | 1.22% | 1.18% | 1.42% | 1.37% |
| Collection | 1.49% | 1.48% | 1.76% | 1.69% | 1.94% | 1.88% |

- 19. The September 22,2006 Response of Postal Service Witness Michael D. Bradley to Presiding Officer's Information Request No.4, Question 11, states "I thus eliminated just the cross product terms including possible deliveries." The Restricted Quadratic models witness Bradley performed in this response also include several variables that were not included in his USPS-T-14 testimony in Docket No. R2005-1. This question requests the variabilities from a model most similar in form to the Restricted Quadratic model used in witness Bradley's July 6, 2005 Response of the United States Postal Service to Item 9 of Presiding Officer's Information Request No. 9, Docket No. R2005-1.
- a. Please estimate the variabilities for letters, flats, sequenced mail, collection volume, and small parcels, by eliminating just the cross product terms including possible deliveries, from the first Full Quadratic Model provided in the September 22, 2006 response referred to in the introduction to this question.

RESPONSE:

a.

| Requested Variables | Estimated Variability |
|------------------------|--------------------------|
| Letters | 23.28% |
| Flats | 11.19% |
| Sequenced | 0.41% |
| Collection | 2.52% |
| Small Parcels | 9.93% |

- 20. The variables LTRA, LHAM, FTUB, FHAM, MHAM, PTUB found in USPS-LR-L-179, file "PAVolume.MaskedZips.xls" contain values such as .25 .50, and .75.
 - a. Please confirm that a value such as .50 refers to a half-full container.
 - b. If you do not confirm. please explain the units by which these variables are measured.

RESPONSE:

- a. Confirmed
- b. Not Applicable.

- Please refer to USPS-LR-L-180. file "City Carrier Street Time Mode12004 data.variability equations.encrypted.sas." At one point, this file calculates the variable "cv" by multiplying several variables by some numbers. For example: ltra'271.16 + lham*3403.29
 - a. Please confirm whether the numbers, such as 271.16 and 3403.29, refer to the average number of mailpieces that can be held in each type of container.
 - b. If you do not confirm, please explain the units to which these values refer.

RESPONSE:

a.& b. It is my understanding that the numbers, such as 271.16, are the Postal Service's conversions from collection containers to collection mail pieces

11. Please run the carrier street time cost variability model described in USPS-T-14 in Docket No. R2005-1 using the time and volume data collected in the 2004 survey, and provide the output and the log of the run.

Response:

The requested output and log of the run (as well as the program) are presented in Library Reference LR-L-180. However, several factors should be kept in mind when considering the results.

First, as explained in Library Reference LR-L-179, this data collection effort by the Postal Service was not designed as a replication of the 2002 study, and involved some important differences in data collection methods. In fact, the data collection effort was in part experimental, in the sense that resource-saving collection methods were being tested to see if they could provide similar quality data as was collected in the 2002 study. For example, the sample size is smaller in 2004 than in 2002, resulting in a much smaller regression data set. In addition, as detailed in Library Reference LR-L-179, the method of recording volumes for collection mail was changed to an easier method. Instead of linear measurements of collection mail as was done in 2002, the 2004 study attempted to obtain collection mail information through counting the number of containers of collection mail the carrier brought back to the delivery unit. It is an open question how accurate this method turned out to be. Finally, the 2002 study emphasized recounting and verifying the mail counts that would be placed into DOIS. That is, the mail was to be counted carefully and accurately for the study, apart from any use it had in the DOIS system. In the 2004 study the DOIS counts were used for DPS, cased letters, cased flats, and sequenced mail.

These changes were associated with some different volume patterns in the 2004 data as compared with the 2002 data. A comparison of the means of the data used for estimating the regular delivery time equation is given in the following table. The

reduction in *cased* letter and corresponding increase in DPS letters reflects that deployment of **DPS** technology between 2002 and 2004 throughout many parts of the delivery network.

Mean Values per Zip Cooe Day Regular Delivery Time Analysis

| Delivery Time (Seconds) | 222,595.3 | 258,724.2 | 16.2% |
|----------------------------|------------------|-----------|--------|
| All Letters | 36,008.0 | 38,414.5 | 6.7% |
| Cased Flats | 11,799.2 | 14,178.1 | 20.2% |
| Sequenced | 3,528.4 | 3,641.9 | 3.2% |
| | | | |
| Small Parcels | 373.3 | 379.8 | 1.7%_ |
| Del. Points | 9,462.3 | 9,921.2 | 4.9% |
| DPS Letters | 23,849.7 | 28,292.7 | 18.6% |
| Cased Letters | 1 2,158.3 | 10,121.9 | -16.7% |

Second, with the further deployment of delivery point sequencing, the Postal Service city carrier operations are moving towards a "three bundle" approach, in which city carriers employ three bundles on the street. In this environment, the cost drivers of delivery might be considered to be pieces organized into three bundles, rather than the previous configuration for delivery: letters, **flats**, small parcels, and sequenced mail. While this is an issue that requires further consideration before a final decision is reached, it seems appropriate to take a first step at this point and investigate a version of the equation which uses DPS letters as one cost driver, cased letters. flats, and small parcels as a second cost driver, sequenced mail as a third cost driver, and collection mail as a fourth cost driver. This specification also has the salutary effect of reducing

the number of right-hand-side variables and thus helping mitigate the multicollinearity problem.

Third, to the extent possible in a short period of time, the Postal Service has attempted to apply the some of the recommendations the Commission provided in it latest Opinion and Recommended Decision for future econometric work in this area. The Postal Service has made a good faith effort to accommodate the suggestions of the Commission within the structure of this POIR, but does not intend this as a complete response and plans to address the Commission's concerns more fully in future research. For example, some of the Commission's recommendations go to data collection issues, but because the 2004 data were collected before the Commission's Opinion and Recommended Decision was issued, those types of suggestions can not be addressed with that data set.

One of issues that could be addressed comes from the Commission's expressed concern that the Postal Service's method of dealing with non-applicable or "error" time which occurs when carriers recorded invalid scan pairs. In particular, the Commission suggested that this N/A time is correlated with delivery time and thus the Postal Service's "piggyback" method of dealing with it could cause bias in the cost pool proportions and econometric equations. It highlighted its concern with reference to Parcel/Accountable delivery time:

The "piggyback" calculation is presented in USPS-LR-K-79. Step 1 shows that parcel/accountable delivery time, including the time spent "deviating" to make such deliveries, is 4.37 percent of the total. When the Postal Service tabulated the 10 scan pairs that generated the most invalid time, however, it can be seen that invalid time involving

¹ <u>See</u>, PRC Op., Docket No. R2005-1, at 62

parcels and accountables constituted 39 percent of that time Tr. 6/1878-79. This suggests that scan pairs involving parcel and accountable delivery were much more likely to be misinterpreted or misapplied by the carrier than other scan pairs. If so, the parcel/accountable accrued cost pool would be misestimated, and therefore, the attributable cost of delivering parcel and accountables would be misestimated. This aspect of the CCSTS data warrants further investigation.

In response, as described in Library Reference LR-L-179, the Postal Service undertook an extensive analysis of the "invalid" scan pairs in the 2004 data to see if more could be assigned to the delivery time pools. This indeed was the outcome of the effort with both the regular delivery and the parcel/accountable delivery time pools growing and, as the Commission suggested, the effect was pronounced for the parcellaccountable cost pool in for which the average time per ZIP CODE day was increased by about 50 percent over the 2002 data.

| PA Delivery Time | | | |
|------------------|-----------|-----------|-------|
| (seconds) | 18,352.60 | 27,306.01 | 48.8% |
| Large Parcels | 141 | 149.687 | 6.2% |
| Accountables | 58.1 | 57.4325 | -1.1% |
| Delivery Points | 8,179.30 | 8,832.15 | 8.0% |

The Commission also indicated that it found my approach to dealing with multicollinearity to be too broad, and that a selective, more focused approach would be preferred:*

A potentially more effective approach would have been to examine the Variance Inflation Factor values displayed in Table 4 of witness Bradley's testimony, to determine which terms are most highly correlated, to selectively remove them, and to test the improvement in multicollinearity. USPS-T-14 at 37. As an illustration of what might be done along these lines, the Commission asked witness Bradley to estimate the proposed model with only the cross-products that involve small parcels removed.

In estimating the restricted quadratic model, I followed this approach. I reviewed the Variance Inflation Factors from the full quadratic model and that review showed that most (but not all) of the cross product terms with large '/IFs included possible deliveries as one of the variables. I thus eliminated just the cross product terms including possible deliveries. This target elimination leads to a substantial reduction in the Variance Inflation Factors for the remaining variables, but removed many fewer terms than the broader approach I used previously.

One final issue to consider in using the **2004** data arises from a review of the patterns of data collected. This review suggested that the 2004 data set may be subject to significant variations in two important delivery characteristics, non-motorized delivery and business deliveries. Zip Codes with a lot of non-motorized delivery could require more delivery time to delivery equal amounts of volume than equally sized Zip Codes with mostly all motorized delivery. To account for the possibility that this non-volume caused variation in delivery time is in the data, I consider an alternative specification

² See, PRC Op., Docket No.R2005-1, at 68.

that includes the ratio of non-motorized (foot and park and loop) delivery points. Similarly, Zip Codes with a high proportion of business delivery points may be characterized by low levels of DPS letters and sequenced mail. To account for this possibility, I also include the ratio of business delivery points.

In sum, I estimated six specifications of the regular delivery equation:

- (1) Docket **No.** R2005-1 Specification, Full Quadratic;
- (2) Docket No. R2005-1 Specification, Full Quadratic Including non-motorized and business delivery ratios;
- (3) Docket No. R2005-1 Specification, Restricted Quadratic Including non-motorized and business delivery ratios;
- (4) Three Bundle Specification, Full Quadratic;
- (5) Three Bundle Specification, Full Quadratic Including non-motorized and business delivery ratios; and
- (6) Three Bundle Specification, Restricted Quadratic Including non-motorized and business delivery ratios.

lalso estimated one specification (full quadratic) for the parcel/accountable delivery equation.

Complete results of estimating these equations are given in Library Reference LR-L-180. but a summary of the variability results are provided below.

Regular Delivery Time Equation

| Letters | 23.57% | 17.62% | 17.42% |
|---------------|--------|--------|--------|
| Flats | 10.51% | 11.47% | 11.55% |
| Sequenced | 0.60% | 1.38% | 1.35% |
| Collection | 0.78% | 0.75% | 1.80% |
| Small Parcels | 9.57% | 7.56% | 8.18% |

| DPS | 27.33% | 25.17% | 19.11% |
|------------|----------------|--------|--------|
| Cased LFP | 15.08% | 10.93% | 14.43% |
| Sequenced | 0.30% | 1.18% | 1.37% |
| Collection | 1 .48 % | 1.69% | 1.88% |

PIA Delivery Time Equation Docket No. 2005-1 Specification

Full Quadratic

| Large Parcels | 33.36% |
|---------------|--------|
| Accountables | 1878%, |

United States Postal Service

Michael D. Bradley (USPS-T-17)

RESPONSE OF POSTAL SERVICE WITNESS BRADLEY (USPS-T-I7) TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 3

17. USPS-T-15 at page 15 states, $\frac{\partial n_{SISO_r}}{\partial X_t}$ "... can be approximated by assuming that

the rate of change in ${\bf SISQ}$ transactions of a particular type is equal to their representation in the current population of transactions. The rate **of** change in SISQ transactions for a particular item is thus approximated by the proportion of those

transactions in all transactions. $\frac{\partial n_{SISQ_x}}{\partial X_k} = \frac{"SISQ_x}{n}$

- a. Please identify the economic conditions under which the last mathematical expression would be true.
- b. Please explain why you believe lhese conditions are approximately true.

RESPONSE:

a. For this condition to be true, the growth in SISQ transactions for item k would have to equal the growth in the transaction volume for item k adjusted for the size of the volume of item k relative to transactions. This is demonstrated mathematically as:

$$\frac{\partial n_{SISQ_K}}{n_{SISQ_K}} = \frac{\partial X_k}{X_k} \left(\frac{X_k}{n} \right)$$

b. In the absence of data, it seems reasonable to assume that the growth in new transactions involving item k is driven by the growth in the transactions volume of item k adjusted for the size of the existing transactions volume for item k relative to the number of transactions.

United States Postal Service

John P. Kelley (USPS-T-15)

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KELLEY (USPS-T-15) TO PRESIDING OFFICERS INFORMATION REQUEST NO. 15, QUESTION 1, subpart (e)

- 1. The Postal Service recently entered into a three-year contract with United Parcel Service (UPS) to transport primarily First-class and Priority Mail ¹
 - a. Please describe the parties' duties under this contract, including, among other things, the time **of** day and the days service is provided by UPS.
 - b. When did the contract become effective and when does it expire?
 - c. By mode of transportation and, if applicable, by subclass, on what basis is the Postal Service charged by UPS, *e.g.*, cubic feet, weight, and/or distance?
 - d. Will mail other than First-class and Priority be transported by UPS?

 If so, please elaborate.
 - e. **How** are the costs incurred under **the** contract allocated (distributed) *to* the various subclasses **of** mail transported by UPS?
 - f. Does this contract have a declining block structure? If so, please elaborate.
 - g. Is there a minimum or maximum volume commitment by either party to the contract? If so, please elaborate.
 - h. Please quantify the test year cost effects (by subclass) of the contract.
 - Please identify all differences, if any, between mail transported by FedEx and UPS, including, for example, originIdestination pairs, distance transported, weight, shape.
 - j. Does the Postal Service have the option of scheduling mail on either the FedEx or UPS network? If not, please elaborate. Ifso, on what basis does the Postal Service decide to schedule mail on a particular network?

RESPONSE:

(e) Because there is no declining block rate structure (see Response to POIR 15, question 1(f)), costs are expected to be 100% volume variable, and to be distributed to the classes that fly, by weight.

¹ USPS Press Release, June 28,2006, Postal Service and United Parcel Service Expand Business Relationship.

United States Postal Service

John P. Kelley (USPS-T-30)

Response of Postal Service Witness Kelley (USPS-TSO) To Presiding Officer's Request No. 16

- 13. In Docket No. R2005-1, witness Kelley testified that he determined the strata boundary for the sample of the two smaller sized strata in the 2002 City Carrier Street Time Study (CCSTS) according to the cum \sqrt{f} rule. and that the third stratum contained all ZIP Codes with more than 60 letter routes'.
- **a.** Were the same rules used to determine the strata boundaries in the **2004** Survey? If not, please explain the rules and statistical formulae used to determine strata boundaries.
- b. Please populate the table provided in the Postal Service response to OCA/USPS-T16-3 with the corresponding values from the 2004 survey. That table had one column entitled "City Routes per ZIP Code" and six rows with number of routes increasing by increments of 10. The second column showed the frequency of City Routes corresponding to each row in column 1, and the third column showed the cum \sqrt{f} corresponding to each row in column 1.

Response:

Yes, the same rules were used to determine the strata boundaries in the 2004 survey

b. The table with the requested information is included below:

| City Routes per ZIP Code | Frequencyf(y) | Cum √f(y) |
|--------------------------|---------------|-----------|
| 1-10 | 6.392 | 79.9 |
| 11-20 | 2,645 | 131■ |
| 21-30 | 1,776 | 1735 |
| 31-40 | 884 | 203.3 |
| 41-50 | 344 | 221.8 |
| 51-60 | 117 | 232.6 |

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¹ Docket No. R2005-1, Direct Testimony of John Kelley on Behalf of the United States Postal Service, USPS-T-16, at 5.

Response of Postal Service Witness Kelley (USPS-T-30) To Presiding Officer's Request No. 16

- 14. In Docket No. R2005-1, witness Kelley (USPS-T-16) discussed the process by which the original CCSTS sample of 221 ZIP Codes was reduced to a final sample of 167 ZIP Codes'. In the 2004 Survey, 122 ZIP Codes were presented as the final sample.
- a. Please explain the decisions, rules, and statistical formulae used to determine optimal sample size for the **2004** Survey.
- b. Was the **2004** Survey reduced from an initially larger optimal sample size? If so, discuss the methods by which the sample was reduced and the statistical implications of this reduction.

Response:

a. Two principal factors determined the final sample size of 122 ZIP Codes for the 2004 survey. The first factor was that, since the level of precision attained in the CCSTS was better than our objective (ten percent coefficient of variation on the majority of variables of interest), I saw an opportunity to reduce the sample size and therefore reduce associated costs, while still meeting or exceeding our precision objectives.

Resources are an important consideration with sainple surveys. Each ZIP Code included in the survey resulted in significant (relative to their size) costs to collect the necessary data. Carriers were compensated for training, scanning, and volume counts throughout the two-week survey. Supervisors were compensated for verifying volume counts and responding to carrier questions throughout the data collection period. In addition, study coordinators incurred travel costs to learn about the survey, as well as labor costs to administer training and manage the survey on location. As a result of the precision achieved in the 2002 CCSTS and the significant costs for each ZIP Code included, Ithought it

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² Docket No. R2005-1, Direct Testimony of John Kelley on Behalf of United Stales Postal Service. USPS-T-16 at 11-13.

Response of Postal Service Witness Kelley (USPS-T-30)
To Presiding Officer's Request No. 16
was prudent to reduce the size of the sample to a level that still would
accomplish our precision objectives at a significantly reduced cost.

This resulted in an original sample of 141 ZIP Codes. After careful consideration of the second factor, delivery operational concerns, it was decided to restrict the sample to one ZIP Code per Finance Number. As with the CCSTS, this was decided only after the field was notified of the 141 originally selected ZIP Codes. Rather than redraw the entire sample, I decided to use the same reduction method for the 2004 survey that was used for the CCSTS, which resulted in a final sample of 122 ZIP Codes.

In summary, as was shown in my response to POIR No. 4, question 4 in this case, the expected coefficient of variation for the 2004 survey was higher due to the smaller sample size (six percent for 2004 compared with five percent for CCSTS), but still well below our target. Therefore I deemed it of sufficient size with a significant reduction in cost.

b. Yes. The original sample size was 141 ZIP Codes, which consisted of 20 ZIP Codes from stratum one, 80 ZIP Codes from stratum two, and 41 ZIP Codes from stratum three. The sample size was reduced from 141 to a final sample size of 122 ZIP Codes by subsampling Finance Numbers from the original sample of 141 ZIP Codes that contained more than one sampled ZIP Code and randomly choosing one of those ZIP Codes to participate in the 2004 survey. The final sample consisted of 20 ZIP Codes from stratum one, 76 ZIP Codes from stratum two, and 26 ZIP Codes from stratum three. Two locations which have multiple large offices (greater than 60 letter routes) accounted for thirteen of

Response of Postal Service Witness Kelley **(USPS-TSO)**To Presiding Officer's Request No. 16

the fifteen ZIP Codes being eliminated from the stratum three sample. The method of reducing the sample for the 2004 study was the same as for the 2002 CCSTS, as described on pages 12-13 in my direct testimony from Docket R2005-1.

The statistical implications of the reduction in sample size are that not all ZIP Codes within a stratum in the final sample had the same probability of selection. However, by comparing the original sample sizes by stratum to the final sample sizes, it can be seen that most of the impact on the reduction is limited to stratum three. ZIP Codes that were originally selected under the same Finance Number had a lower chance of being included in the final sample due to the subsampling. This resulted in biased cost pool proportion estimates.

I considered the reduction method favorable to the alternative \mathbf{d} finalizing the sample without any reduction, over the field's objections. This approach likely would have caused considerable non-response, likewise resulting in biased estimates, but at a higher cost.

Response of Postal Service Witness Kelley (USPS-T-30) To Presiding Officer's Request No. 16

15. Please populate a table with each column calculated in the same manner as it was in response to OCA/USPS-T16-7, in Docket **No.** R2005-1, for DPS'd letters, cased letters, **cased** flats, sequenced mail, collection mail, small parcels, large parcels, and accountables.

Response:

Please refer to the attached spreadsheet

| | Ş | ć | Ą | THE SAMPLE MEAN OF TOTAL TIME ACHOSS ALL ACTIVITIES | RATIO OF SUM OF TIME SPENT IN THIS ACTIVITY TO TOTAL TIME ACROSS ALL ACTIVITIES | SAMPLE VARIANCE OF TIME SPENT IN THIS ACTIVITY (Y) | SAMPLE VARIANCE OF GRAND TOTAL TIME IN THIS STRATUM (X) | SAMPLE COVARIANCE OF TIME SPENT IN THIS ACTIVITY AND TOTAL TIME ACROSS ALL ACTIVITIES | Variance Component | Standard | 5 |
|---|-----------|--------|-------|---|---|--|---|---|-----------------------|-----------|--------|
| Total Delivery - All Regular Delivery Route Sections | 294.00 | | 0.003 | 266,936,122 | 0.696 | 40,399,040 | 33,251,007 | 28.803.412 | 90000 0 | | : |
| | 75.04 | 19,533 | 0.013 | 266,792,455 | 0.696 | 61,246,569 | 68,949,288 | 53.800,517 | 0,0000 | ; | 1 |
| | 1.58 | 14,710 | 0.634 | 230,619,238 | 969.0 | 34,592,139 | 31,430,902 | 23,175,263 | 00000 0 | | 4 |
| Total Delivery - All Regular Delivery Route | 1,781,473 | 35,238 | 0.020 | 251,375,700 | 9690 | | | | 0.00007 | 0.00820 | 1.2% |
| Network Travel | 26.00 | 688 | 0.003 | 266,936,122 | 280.0 | 6.792.029 | 33,251,007 | 1,109,748 | 0 00003 | | : |
| Network Travel | 75.04 | 19,533 | 0.013 | | 0.097 | 6,913,435 | 68,949,288 | 4.205.269 | 0.0000 | | |
| Network Travet | 8 | 14,710 | 0.634 | 230,619,238 | 0.097 | 6,799,833 | 31,430,902 | 2.312.919 | 000000 | | 1 |
| Network Travel | 1,781,473 | | 0.020 | 251 375 700 | 0.097 | | | | E0000 0 | 0.005277 | 8.4 |
| Total Delivery Activities Support | 294.88 | 895 | 0.003 | 266 936 122 | 0.125 | 4,553.896 | 33.251.007 | 1 480.637 | 0.00002 | | : |
| Total Delivery Activities Support | 75.04 | 19.533 | 0.013 | 266.792.455 | 0.125 | 10.958.886 | 68.949.288 | 7,331,602 | 000000 | | |
| Total Delivery Activities Support | 1.58 | 14,710 | 0.634 | 230,619,238 | 0.125 | 9,087,866 | 31,430,902 | 3,914,489 | 000000 | | |
| Total Delivery Activities Support | 1,781,473 | 35.238 | 0.020 | 251,375,700 | 0.125 | | | | 0 00002 | 0 00453 | 3.6% |
| General Collections | 294.00 | 995 | 0.003 | 286 936 122 | 0.0015 | 19,392 | 33.251.007 | 161 594 | 000000 | | • |
| General Collections | 75.04 | 19,533 | 0.013 | 266.792.455 | \$1000 | 105 057 | 68 948 288 | 9.779 | 00000 0 | | |
| General Collections | 1.58 | 14,710 | 0.634 | 230.619.238 | \$100.0 | 31,704 | 31,430,802 | -22.487 | 00000 | | |
| General Collections | 1,781,473 | 35.238 | 0.020 | 251,375,700 | 0.0015 | | | | 000000 | 1 0 00031 | 20 6 % |
| Express Collections | 294.00 | 986 | 0.003 | 266.936.122 | 0.0001 | = | 33,251,007 | 178 | 0.0000 | | |
| . ; | 75.04 | 18,533 | 0.013 | 266 792 455 | 0.0001 | 10. | 68.949.288 | 7.998 | 000000 | | |
| Express Collections | 1.58 | 14,710 | 0.634 | 230.619.238 | 0 0001 | 3,022 | 31,430,902 | 630 | 0.0000 | | i |
| Express Collections | 1,781,473 | 35,238 | 0.020 | 251,375,700 | 0 0001 | | | | 00000 0 | 0.00004 | 31.0% |
| Carrier Pickups | 294 00 | 585 | 0.003 | 266 936 122 | 0 0000 | 444 | 33,251,007 | .1.610 | 0.0000 | | |
| Carrier Pickups | 75.04 | 19,533 | 0.013 | 286.792.455 | 0.0002 | 2.779 | 68.949,288 | .2.739 | 0.00000 | | : |
| Carrier Pickups | 1.58 | 14.710 | 0.634 | 230,619,238 | 0.0002 | 2,610 | 31,430,902 | 4.254 | 000000 | | ٠ |
| Carrier Pickups | 1,781,473 | 35,238 | 0.020 | 251.375.700 | 0 0005 | | | | 0.00000 | 900000 | 36.9% |
| Total Parcel Accountable Deviation Delivery and Travel Time | 294.00 | 986 | 0.003 | 266.936,122 | 0 0801 | 2 001 743 | 33.251.007 | 1,663,629 | 0.00001 | | |
| Delivery and Travel Time | 75.04 | 19,533 | 0.013 | 266,792,455 | 0 0801 | 3 821,889 | 68.949.288 | 3.593.326 | 000000 | | |
| Delivery and Travel Time | 1.58 | 14,710 | 0.634 | 230,619,238 | 1080.0 | 4 099,038 | 31,430,902 | 2.043.946 | 0.0000 | | |

Response of Postal Service Witness Kelley (USPS-T-30) To Presiding Officer's Request No. 16

16. LR-L-179.doc, found in USPS-LR-L-179, states on page 4 that "...time pool proportions were not calculated by delivery mode...."
d. Please confirm that all cells in all files contained in USPS-LR-L-67 Revised

can be derived without reference to any cells in USPS-LR-L-5, "CS06&7.XLS," that are currently differentiated according to delivery mode.

e. If you confirm, please match each value in USPS-LR-L-179, file

"Street–Costpoolsfinal.xls," worksheet 1, to the appropriate cells in the files contained in USPS-LR-L-67 Revised. If you do not confirm, please use data from the 2004 Survey to populate the cells contained in USPSLR-K-79.

"MDCD.CPSUM.FINAL.xls," as requested in Presiding Officer's Information Request No.4, Question 5.b.

Response:

(Parts a. - c. answered by witness Milanovic.)

d. Confirmed that all cells in all files contained in USPS-LR-L-67
 Revised can be derived without reference to any cells in USPS-LR-L-5.
 "CS06&7.xls" that are currently differentiated according to delivery mode.

e. The version of CS06&7.xls attached to the response of witness Milanovic to part b. of this question also provides the inputs used to produce a corresponding version of USPS-LR-L-67, as provided in the attached POIR.16.Q.16.e.zip.

Response of Postal Service Witness Kelley to Presiding Officer's Information Request Number 4

4. Please address how the resolution of sampling issues discussed by witness Kelley in USPS-T-16, Docket No. R2005-1, compares with the resolution of those issues in the 2004 data witness Stevens mentioned above. The answers should include comparisons with respect to such things as sample design, Stratification. sample selection. sample size determination, and sampling precision.

Response

The 2004 survey that collected volume and time information about city letter carrier street activities utilized the same 'sample design as the 2002 study (CCSTS). To avoid confusion, I will refer to the later survey as the 2004 survey and the previous study as CCSTS. The 2004 survey employed a stratified systematic design to choose the ZIP Codes that were selected for the survey. Stratification, based on the number of city letter routes per ZIP Code, was used to reduce the variance. A systematic selection methodology was used, after sorting each stratum by ZIP Code, to ensure geographic dispersion within each stratum. These methods were also used to choose the sample for the CCSTS.

The frame for the 2004 survey consisted of all ZIP Codes with city letter routes. Conceptually, this is the same frame that was used for the CCSTS, however a more recent version was used to reflect changes in the sizes of ZIP Codes between the two time periods. Eligible ZIP Codes (those that had city letter routes) were classified into one of three strata. ZIP Codes with less than eleven city letter routes were placed in stratum one. ZIP Codes with more than ten but less than sixty-one city letter routes were placed in stratum two. ZIP Codes with more than sixty city letter routes were placed in stratum three. These are the same stratum boundaries that were used for the CCSTS.

Response of Postal Service Witness Kelley to Presiding Officer's Information Request Number 4

One-hundred and twenty-two ZIP Codes were selected for the 2004 survey. The attached worksheet comparisons of sample sizes and expected coefficients of variation between the two studies. Due to the forty-five fewer ZIP Codes that were selected in conjunction with the 2004 survey. the expected coefficient of variation rose from 4.9 percent to 6.1 percent – still well under the targeted ten percent that was discussed in my direct testimony during R2005-1 (USPS-T-16 page 8 line 16).

Attachment to Responde to POIR No. 4, I em 4

| ata N _h N n _h 2 5793 11588 2 5747 11588 3 48 11588 erage volume across andard Deviation | (N _h -n _h) 5764 | Mean Daily Volume | ر ئ ر | - - - - | Variance ² |
|---|---|---|----------------|------------------|-----------------------|
| 10 SS 88 88 88 88 88 88 88 88 88 88 88 88 | | · · · · · · · · · · · · · · · · · · · | = | - | , |
| 10SS | | 13,765 | 100,002,400 | 0.99499 | 857,477.93 |
| TOSS | 128 5619 | 64,477 | 1,522,319,266 | 0.97773 | 2,860,085.59 |
| ross | 10 38 | 165,423 | 2,214,670,895 | 0.79167 | 3,008.27 |
| ross | | | | | 3,720,572 |
| Standard Deviation | all strata | 39,544 | | | |
| | | 1,929 | | | |
| - | | /000 F | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| 2004 SURVEY | | | | | |
| Strata N _h N n _h | (N _h -n _h) | (N _h -n _h) Mean Daily Volume ³ | S ₂ | 1-f _n | Variance ² |
| 1 5880 11624 | 20 5860 | 13,438 | 98,545,329 | 0.99660 | 1,256,521.11 |
| 2 5703 11624 | 76 5627 | 61,632 | | 0.98667 | 4,080,709.20 |
| 3 41 11624 | 26 15 | 161,675 | 4,587,217,441 | 0.36585 | 803.05 |
| | | | | | 5,338,033 |
| Average volume across all | all strata | 37,606 | | | |
| Standard Deviation | | 2,310 | | | |
| 5 Ü | | 6.14% | | | |
| | | | | | |
| 0000000 | | | | | |
| Cochran, William G. Sampling Techniq | ques 3 rd Edition (. | echniques 3 rd Edition (John Wiley & Sons, 1977) p. 92 | | | |

United States Postal Service

Richard G. Loutsch (USPS-T-6)

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LOUTSCH TO PRESIDING OFFICER'S INFORMATION REQUEST NUMBER 13

1. The Employment Cost Index less one percent (ECI-1) has been utilized in prior rate proceedings as an estimate of compensation increases for bargaining employees in the absence of negotiated contract increases, much like the method used in this current proceeding. However, in previous proceedings, such as Docket No. R2001-1, the calculation of wage increases based on ECI-1 was adjusted for any carryover COLA or contracted wage increases from the previous estimated fiscal years, and the net "new wage growth" was used to estimate the increase in total compensation for the fiscal year. As explained in a footnote of the worksheet in USPS-LR-J-50. uncst_est_01s.xls at tab Gen-Inc, this was to avoid any double counting of compensation increases.

In the current proceeding, the estimated increase in FY 2007 bargaining unit compensation using ECI-1 has <u>not</u> been adjusted for any carryover of COLA or contracted wage increases from the previous fiscal year (FY 2006). See USPS-LR-L 50: file *Uncst_est_06.xls* at tab Gen *Incr*. Please confirm that the carryover of COLAs and the contractual wage increases from FY 2006 should be subtracted from the ECI-1 compensation increase estimate in FY 2007 and provide, the affected corrected workpapers in USPS-LR-L-50. Otherwise, please explain the change in the use of the ECI-I wage increase estimate between the current proceeding and prior proceedings

RESPONSE:

Not confirmed. The Postal Service has made several different ECI benchmarked labor contract assumptions when developing its revenue requirements. The choice of each different assumption was dependent on management's judgment of its appropriateness at the time. As stated on page 36 of my testimony, the impact of wage increases for the year following the expiration of the current labor contract (FY 2007) is assumed to equal the projected increase in the ECI less one percent, plus the carryover from the pay and COLA increases effective in FY 2006, the final year of the current labor contracts. Use of this assumption was intentional. Also, this is the same assumption that was used in Docket No. R2005-1.

Please note that the application of an ECI-I assumption in this docket, if adjusted for carryover from FY 2006, would now result in a negative amount available for FY2007 wage increases. This occurs due **lo** the 1.6 percent APWU wage increase effective in

Docket No. R2005-1, USPS-T-6. page 36, lines 1-5.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LOUTSCH TO PRESIDING OFFICER'S INFORMATION REQUEST NUMBER 13

March 2006 and the much higher-than-estimated Seplember 2006 COLA (\$791 for NALC and \$812 for APWU. NRLCA. and Mailhandlers).

RESPONSE **OF** POSTAL SERVICE WITNESS LOUTSCH TO PRESIDING OFFICERS INFORMATION REQUEST NO. **16.** QUESTION 7

7. The Office of Personnel Management announced that the average increase in the Federal Employees Health Benefits Program (FEHBP) will be **1.8** percent. See www.opm.gov/whatsnew/index.aspx. The announcement stated that approximately 63 percent of FEHBP enrollees will not have a premium increase and another **15** percent will experience an increase of 5 percent or less.

Postal Service witness Loutsch in his testimony, USPS-T-6 revised at page 37, says that FEHBP premiums are estimated to rise 7 percent in January, 2007, before the impact of employee health plan changes and that is what he used to estimate the increase in health benefit costs. What effect would use of the 1.8 percent figure have on Postal Service estimates for health benefits costs in FY 2007 and the test year?

RESPONSE:

The 1.8% figure cited by the OPM announcement appears to relate **to** total health benefit premiums, both employer and employee shares. Postal Service costs are impacted by the employer share only.

The final impact of the change in health benefit premiums will not be known until January 2007 after the open season closes in December 2006. During the open season employees are able to change plans and this will impact Postal Service costs

The application of the new employer premiums effective in January 2007 to the current employee population, results in an increase of 2.3 percent, compared to the 7 percent increase estimated in the revenue requirement. This represents a decrease of approximately \$169 million in **FY** 2007 and an additional carryover reduction of \$56 million in the test year, for a total reduction of \$225 million

RESPONSE OF POSTAL SERVICE WITNESS LOUTSCH TO PRESIDING OFFICERS INFORMATION REQUEST NO. 16, QUESTION 7

between the two years. This amount will change depending on how many employees switch plans and to which plans they switch

It should also be noted that the increase in employee health benefit premiums effective in January 2007 is being held down by use of reserve funds. As stated in the FederalTimes article at:

http://www.federaltimes.com/index.php?S=ZI1669O, "Tapping into the reserves lowered premiums by 5%". It appears that prior to the application of reserves, the actual increase in the employer share, given the current Postal Service mix of plan participants, was greater than 7 percent. Whether the application of reserves in FY 2007 will adversely affect the percentage or amount of premium increases for FY 2008 is unknown

United States Postal Service

Mico Milanovic (USPS-T-9)

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MILANOVIC TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 16

16. LR-L-179.doc, found in USPS-LR-L-179, states on page 4 that '...time pool proportions were not calculated by delivery mode...."

- a. Please confirm that all cells in USPS-LR-L-5. "CS06&7.XLS," worksheet entitled "Outputs to CRA." can be derived without reference to cell values from worksheets in this file that are differentiated according to delivery mode.
- b. If you confirm. please match each value in USPS-LR-L-179, file "Street-Costpools final.xls," worksheet 1, to the appropriate cells in USPSLR-L-5. "CS06&7.XLS," to produce the file "Outputs to CRA" updated with appropriate values from the 2004 Survey.
- c. If you do not confirm. please use data from the 2004 Survey to populate the cells contained in Docket No. R2005-1, USPS-LR-K-79, MDCD.CPSUM.FINAL.xls," as requested in Presiding Officer's Information Request No.4, Question 5.b.
- d. Please confirm that all cells in all files contained in USPS-LR-L-67 Revised can be derived without reference to any cells in USPS-LR-L-5, "CS06&7.XLS," that are currently differentiated according to delivery mode.
- e. If you confirm. please match each value in USPS-LR-L-179, file "Street-Costpools final.xls," worksheet 1, to the appropriate cells in the files contained in USPS-LR-L-67 Revised. If you do not confirm, please use data from the 2004 Survey to populate the cells contained in USPSLR-K-79, "MDCD.CPSUM.FINAL.xls," as requested in Presiding Officer's Information Request No.4, Question 5.b.

RESPONSE

- a. Confirmed. that calculation of costs in cost segment 7 does not depend on time pool proportions by delivery mode
- b. Please see the attached Q.16b.CPSUM.FY2004SURVEY.xls, which contains time pool proportions by delivery mode derived from the 2004 carrier survey, and Q.16b.I_FORMS.zip and Q.16b.CS06&7.zip, which use these time pool proportions to derive the requested "Outputs to CRA"
- c. Not Applicable.

United States Postal Service

Drew Mitchum (USPS-T-40)

1. Please verify that witness Mitchum is incorrectly referring *to* MC2002-3 (Experimental Periodicals Co-Palletization Dropship Discounts) rather than MC2002-1 (Classification and Fees for Confirm). USPS-T-40 at 19.

RESPONSE:

Confirmed.

RESPONSE OF POSTAL SERVICE WITNESS MITCHUM TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 12

10. Mitchum's testimony indicates that the proposed fee changes for Insurance will not impact competitors because "the competitors offer insurance with different characteristics." USPS-T-40 at 28-29. What characteristics differentiate the insurance that competitors offer from the Postal Service's insurance?

RESPONSE:

The Postal Service, unlike its competitors, allows customers to purchase mail service without insurance. The competitors include insurance up to \$100 in the price of their products.

RESPONSE OF POSTAL SERVICE WITNESS MITCHUM TO PRESIDING OFFICERS INFORMATION REQUEST NO. 12

11. Mitchum's testimony proposes that Return Receipt and Restricted Delivery would be available only for items insured for more than \$200.00. USPS-T-40 at 24. Are there any objections to changing the \$50.00 to \$200.00 in Domestic Mail Classification Schedule §§ 943.251 b. and c.. 945.121 c., and 951.51 c. and d.?

RESPONSE:

No, there are no objections.

RESPONSE OF POSTAL SERVICE WITNESS MITCHUM TO PRESIDING OFFICERS INFORMATION REQUEST NO. 12

- 12. Please refer to USPS-LR-L-124, sheet "WP-2 Address Correction." In the volume projections for First-class Address Corrections, witness Mitchum uses the volumes from First-class Mail Automated Presort, First-class Mail Nonautomated Presort, Automated Presort Cards, and Nonautomated Presort Cards. Unlike in R2005-1, First-class single-piece letters and parcels, Stamped Cards, and single-piece Cards volumes are not used for the projections. However, Mitchum distributes Address Correction fees to First-class single-piece letters and parcels, Stamped Cards, and single-piece Cards, as shown in USPS-LR-L-123, sheet "Fee Summary TYAR."
 - a. Is Address Correction Service purchased with First-class single-piece letters and parcels, Stamped Cards, andlor single-piece Cards?
 - b. I/ so, please explain why USPS-LR-L-124 excludes the above-listed categories of First-class Mail in its calculations. If not, please explain why Address Correction fees are distributed to First-class single-piece letters and parcels, Stamped Cards, and single-piece Cards.

RESPONSE:

- a. While it is possible that Address Correction Service could be used with items mailed at single piece rates, the share of Address Correction Service items in these groups is sufficiently small that it is reasonable to omit these mailpieces from the calculation of the Address Correction Service revenue estimates. Thus, i did not apply any of the revenue from the service to the single-piece First-class Mai! categories.
- b. I believe there may have been a miscommunication between myself and witness Berkeley. The fee revenue should not have been distributed to those subclasses

RESPONSE OF POSTAL SERVICE WITNESS MITCHUM TO PRESIDING OFFICERS INFORMATION REQUEST NO. 12

13. Please explain the discrepancies between the proposed language for DMCS § 353 found in Mitchum's testimony, USPS-T-40 at 48-49, and the USPS Request, Attachment B at 19-20.

RESPONSE:

The final version of the proposed changes to the DMCS was not incorporated into my written testimony.

2. Under the proposed changes to Confirm, two fees exist: (1)the fee per block of one million units, and (2) the fee per scan, which is dependant on the class of the mailpiece scanned (one unit per First-class Mail scan, and five units for all other classes of mail). In the proposed Fee Schedule 991, the fee per scan is inconspicuously located in the Schedule Notes. Please provide a fee schedule where both the block and scan fees are prominently located in the main body.

RESPONSE:

See the attached alternative version of Fee Schedule 991. In it. the ratios are presented in the body of the schedule (rather than in a footnote). However, since the units-per-scan ratios are not "fees" that the customer pays, but instead are how units that have previously been purchased are used, I continue to prefer the original presentation. In any event, in this alternative version, I have purposely aligned the ratios so that they do not appear under the "Fees" heading.

FEE SCHEDULE 991

CONFIRM

| Current | |
|---|-----------------------|
| Description | Fees |
| Silver Subscription | |
| Subscription Fee (3 months) | \$2,000.0 0 |
| Additional ID Codes (lesser of 3 months or end of subscription term) | 500 |
| Additional Scans (block of 2 million) | 500 |
| Gold Subscription | |
| Subscription Fee (12months) | 4,500 .00 |
| Additional ID Codes (lesser of 3 months or end of subscription term) | 500 |
| Additional Scans (block of 6 million) | 750 |
| Platinum Subscription. | |
| Subscription Fee (12 months) | 10,000.0 <i>0</i> |
| Additional ID Codes (lesser of 3 months or end of subscription term) | 500 |
| Alternative to Proposed | |
| Annual Subscriber Fee | \$5,000.0 <i>0</i> |
| Additional ID Codes | 2,000.00 |
| Annual Quarterly | 750.00 |
| Additional Blocks of One Million Units | |
| <u>1^{si} to 9th</u> 10 th to 99 th | 70.00 35.00 |
| 100 th or more | 17.50 |
| | |

Number of Units per Scan

First-class Mail 1
Other Classes 5

- **3.** Please confirm that seeking authorization and subscribing are two separate acts (one must be authorized and then subscribe to the service, rather than becoming a subscriber upon authorization without having paid the subscription fee). Assuming that the above is true, does the following underscored DMCS language better capture that they are separate acts?
 - 991.31 Mailers may subscribe to Confirm [Mailers become Confirm subscribers by] applying to and being authorized by the Postal Service. Authorization requires that a customer demonstrate the capabilities of producing mailpieces with Confirm-compatible barcodes as specified by the Postal Service.

RESPONSE:

Yes, I believe it does.

- 4. For the following questions, please refer to Table 4 of Mitchum's testimony (USPS-T-40 at 18), and the proposed Fee Schedule 991 for Confirm.
- a. In the proposed Fee Schedule 991, would changing the heading First ID Code (Annual) to Annual Subscriber Fee be more accurate since the \$5,000 is for a subscription to the service and includes one million units as well as the first ID code? USPS Request, Attachment A at 81. See *also* USPS-T-40 at 17: "...annual user fee of \$5000, which includes one million units."
- b. Would changing the heading Blocks of One Million Units to <u>Additional</u> Blocks of One Million Units: (1) clarify that the block of units included with a subscription is not the 1st block of the 1st -9th block threshold that must be met for a price reduction, and (2) bring the heading into conformity with the heading Additional ID Codes?

RESPONSE

a-b. I believe that these recommendations would be improvements, and they are included in the alternative Fee Schedule 991 presented in the response to question 2 of this Presiding Officer's Information Request.

RESPONSE OF POSTAL SERVICE WITNESS MITCHUM TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 12, QUESTION 5 Page 1 of 6

5. The following table presents three hypothetical users of Confirm service with Gold subscriptions. In order to calculate the rates paid under the current and proposed fee schedule, it is assumed that the volume of units purchased by each user are applied to the same (average) distribution of First-class Mail and other mail classes.¹

Current Confirm Fee Schedule

| | First-Class Scans (1) | Other Scans (2) | Total Scans (3) | Total Units (4) | | evenue rent Rates) (5) |
|----------------------------|--|--|--|--|----|------------------------------|
| User 1 User 2 User 3 | 19,250,000 19,250,000 19,250,000 | 15,750.000 15,750,000 15,750,000 | 35,000,000 35,000,000 35,000,000 | 98,000,000 98,000,000 98,000,000 | - | 4.500 4.500 4.500 |
| Total 1-3 | 57,750,000 | 47,250,000 | 105,000,000 | 294,000,000 | \$ | 13,500 |
| Reseller | 57,750,000 | 47.250,000 | 105,000,000 | 294,000,000 | | 10,000 |

Proposed Confirm Fee Schedule

| | | Additional | | | | Reven | ue (P | roposed | Rate | s) | |
|----------------------------|--|----------------|----|-------------------------|----|-------------------|-------|-------------------------|-------|-------------------|-------------------------------|
| | Total Units (6) | Blocks (7) | E | ase Fee (8) | 1 | 70 Blocks (9) | 135 | Blocks (10) | \$17. | 50 Blocks (11) | Total (12) |
| User 1 User 2 User 3 | 98.000.000 98,000,000 98.000.000 | 97 97 97 | \$ | 5,000 5.000 5.000 | \$ | 630 630 630 | \$ | 3.080 3.080 3.080 | \$ | • | \$ 8.710 8.710 8.710 |
| Total 1-3 | 294,000,000 | 291 | \$ | 15.000 | \$ | 1,890 | \$ | 9,240 | \$ | - | \$ 26,130 |
| Reseller | 294,000,000 | 293 | | 5.000 | | 630 | | 3.185 | | 3,378 | 12.193 |

Note: The total units listed in columns (4) and (6) is the number necessary under the proposal to obtain the number of scans in column (3), as distributed in columns (1) and (2).

a. Please confirm that, under the proposed fee schedule, the potential for arbitrage exists. For example, an entity could purchase 294,000,000 units for a total price of \$12,193 and sell 98,000,000 to each of users 1-3 for a price as low as \$6,065 ((\$12,193 + 3) + \$2,000 additional annual ID = \$6,065), thereby undercutting the price of \$8,710 that the Postal Service would charge. Note that this example assumes the reseller is not itself a user of Confirm. If the reseller purchases additional scans for its own use, the potential for arbitrage increases.

¹ See Response of Postal Service Witness Mitchum to Interrogatories of the Office of the Consumer Advocate, July 24, 2006, OCA/USPS-T40-54(b) (indicating that 55 percent of the scans would be on First-class Mail and the remaining 45 percent on other classes).

RESPONSE OF POSTAL SERVICE WITNESS MITCHUM TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 12, QUESTION 5 Page 2 of 6

- b. Please discuss how the potential for arbitrage by resellers of Confirm services (as demonstrated in part a. above) entered into the analysis underlying the rationale for assuming that high-volume and low-volume users would respond to the proposal with equal percentage reductions in scans.
- c. Please discuss whether the risk of arbitrage is greater under the existing or the proposed fee schedule.

RESPONSE:

believe there is a small calculation error in the reseller line of columns 10 and 11. It appears that the calculation is 91 blocks at a fee of \$35 for the \$3,185. I believe this should have been 90 blocks at \$35 for a total of \$3,150. Also, the value in column 11 should be \$3,395 (194 blocks at \$17.50 each).

a. Confirmed, although technically "arbitrage" involves the purchase and immediate resale of a security. In the case of Confirm, arbitrage is not as simple as it appears. The intermediary would incur additional costs even if they did nothing more than relay the raw scan data to the end user. However it is my belief that Confirm intermediaries are oflen providing value added services to their customers by providing them with reports based on the analysis of the scans their customers' mailpieces receive, as GrayHair Software Inc. notes that it does in the direct testimony submitted by Cameron Bellamy on page 4, lines 16-18. of GHS-T-1. As such, I think that their customers are not choosing to use an intermediary to receive a discounted price, but instead are using the intermediary for the value added services provided.

RESPONSE OF POSTAL SERVICE WITNESS MITCHUM TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 12, QUESTION 5 Page 3 of 6

b. As noted in my response to part (a) of this question, I don't think that arbitrage plays much of a role for Confirm intermediaries (resellers). and therefore I did not differentiate among users regarding their decrease in scan usage. However, the existing arbitrage opportunity did play a role in the decision to move away from the current unlimited scan option. All else equal, if additional scans are priced at zero (as in the current Platinum subscription), then the opportunity to gain from reselling is larger than if there is at least some additional price for incremental scans.

Please refer to my responses to questions 6(b) and 7 of this Presiding Officer's Information Request with regard to how the expected decrease in the numbers of scans is taken into consideration.

c. It is my opinion that the opportunity for arbitrage is greater under the existing fee schedule. However, I think the gains from reselling are based more on the added services provided than the arbitrage opportunity. In any event, by evaluating the arbitrage opportunity under two additional scenarios, I believe it can be clearly shown that the proposed fee schedule reduces the arbitrage opportunity.

The arbitrage opportunity described in this question might exist, but this hypothetical is not particularly realistic. A reseller is unlikely to have only 3 customers. Using another hypothetical, a reseller using 805 million scans in a year could have 23 customers that use 35 million scans each. In this case the maximum value of the arbitrage opportunity

RESPONSE OF POSTAL SERVICE WITNESS MITCHUM TO PRESIDING OFFICERS INFORMATION REQUEST NO. 12, QUESTION 5 Page 4 of 6

is \$153.855, assuming that the fees under the existing structure are increased by 50 percent (to achieve the same revenue goal, with no loss in demand)? The maximum value of the arbitrage opportunity under the proposed fee schedule would be \$153,750, \$105 less than the opportunity under the existing fee design. While the arbitrage opportunity is similar, the Postal Service would get \$31,475 of additional revenue under the proposed structure versus the existing structure with increased prices.

The specific assumptions are:

- Under the existing structure, with the fees increased by 50 percent, there would be 23 customers paying \$6,750 for a total revenue of \$168,750. Alternatively, a reseller could provide the scan data to the 23 customers and pay just \$15,000. The maximum arbitrage opportunity would be \$153.750 (\$ 168,750-\$15,000).
- Under the proposed fee schedule, these 23 customers would each pay \$8,710 for a total revenue of \$200.330. A reseller would have to pay just \$46,475. The maximum arbitrage value would be \$153,885 (\$200,330-\$46,475).

Even the revised hypothetical, with 23 subscribers, is unlikely since there are not enough users of that size currently subscribing to the service to make the hypothetical feasible. Additionally, OCA XE – Mitchum - #1 (Tr. 14/4147) clearly shows that

to have a more direct comparison. It real the current and proposed structure it is a ry to build in some assumption about price increases that would occur in the current at

RESPONSE OF POSTAL SERVICE WITNESS MITCHUM TO PRESIDING OFFICERS INFORMATION REQUEST NO. 12, QUESTION 5 Page 5 of 6

TrackMyMail.com markets, at least in part, to much smaller customers. So if, as another hypothetical, we consider a reseller that has 100 customers that on average use 8 million scans each, it quickly becomes evident that the arbitrage opportunity under the existing fee structure, even with the fees increased by 50 percent, is much greater than under the proposed fee schedule. The maximum value of the arbitrage opportunity is \$660,000 under the existing fee structure with the fees increased, and only \$539,520 under the proposed fee schedule. The Postal Service, moreover, would receive an additional \$31,230 under the proposed fee schedule.

The specific assumptions are:

- Under the existing structure, with the fees increased by 50 percent, there would be 100 customers paying \$6,750 for a total revenue of \$675,000. The reseller would pay just \$15,000. The maximum arbitrage opportunity would be \$660,000 (\$675,000-\$15,000).
- Under the proposed fee schedule there would be 100 customers each paying
 \$5,857.50 for a total revenue of \$585,750. A reseller would pay just \$46,230. The
 maximum arbitrage value would be \$539,520 (\$585,750-\$46,230).

While it is clear that the proposed fee schedule does not eliminate the arbitrage opportunity, it does reduce the value of the opportunity. Yet, as noted in my response to part (a), the intermediaries are not making their profits solely off of the arbitrage opportunity. If arbitrage were the sole business plan being pursued by the

RESPONSE OF POSTAL SERVICE WITNESS MITCHUM TO PRESIDING OFFICERS INFORMATION REQUEST NO. 12, QUESTION 5 Page 6 of 6

intermediaries, it is unlikely that the Postal Service would have any direct (non-reseller) subscribers. Intermediaries are providing a value added service by providing either basic or detailed analysis of the customers' scan data. Additionally, "each reseller must find a way to distinguish itself, adding more choices in the market offerings" (GHS-T-1. page 5, lines 20-22) to maintain their market share. This should benefit all Confirm users.

RESPONSE OF POSTAL SERVICE WITNESS MITCHUM TO PRESIDING OFFICERS INFORMATION REQUEST NO. 12, QUESTION 6 Page 1 of 3

- 6. The following questions seek an understanding of the relationship between the proposed increase in fees for Confirm services and the forecast change in volume of Confirm scans. For each subpart, please show all necessary calculations.
 - a. Please provide the proposed average percentage rate increase for Confirm, including the annual subscription fee and the cost of additional blocks. Also provide the average percentage rate increases for volumes currently in the Silver, Gold and Platinum subscription levels separately. Please indicate the basis on which the average percentage increases are calculated (e.g., average revenue per scan, average revenue per user, or some other basis).
 - b. Please explain why the Silver, Gold and Platinum subscribers will all respond the same to the average percentage rate increases provided in response to part a. above.
 - c. In response to the proposed increase, a 10 percent decrease in scans for each customer is forecast. Please explain the relationship between the size of the proposed rate increase and the resulting reduction in scans purchased. For example, would an increase twice as large as the proposal lead to a 20 percent reduction in scans for each customer, and would an increase half as large as the proposal lead to a 5 percent reduction in scans for each customer? If not, please provide the TYAR volume of scans for an increase twice as large as the proposal and an increase half as large as the proposal.

RESPONSE:

a. Overall *increase for the full product* - As noted in my response to MMA/USPS-T40-2(d) the overall revenue increase would be 49 percent. This is derived by using the following equation:

where the Afler Rates Revenue is \$1,517,295 and the Before Rates Revenue is \$1,018,250 as shown in LR-124. This would indicate the impact of my fee proposal on the average customer.

RESPONSE OF POSTAL SERVICE WITNESS MITCHUM TO PRESIDING OFFICERS INFORMATION REQUEST NO. 12, QUESTION 6 Page 2 of 3

Please note that the subscription level analysis is based on the current subscription period data that were available at the time of my analysis, as mentioned in my response to POIR 4, question 3. As such, 22 of the subscribers had no usage history for the current subscription period and I assumed they would use the average number of scans for all users during the test year.

Silver Subscribers -

It is difficult to measure a percentage change for Silver subscriptions because the term of the subscription is currently only three months, but the proposed subscription term is a full year. A Silver subscriber will see a wide range of percentage changes depending upon how many successive subscriptions he purchases. For instance, for the 12 month period between February 1.2005 and January 31,2006 there were 19 subscriptions held by 8 subscribers (it was not possible to identify the number of Silver subscribers for the base year). Three of the subscribers renewed each quarter and purchased 4 subscriptions each, 2 subscribers purchased 2 subscriptions each, and 3 of the subscribers during that period purchased only 1 subscription. In an effort to provide the best information available, I will calculate the average increase for these subscribers for this period. While this will not be strictly comparable with the data provided in my library reference, I believe it provides a better example of how the actual subscribers are affected. The average fee for the 8 subscribers under the current fee schedule was \$5,000, and under the proposed fee schedule the average fee would be \$5.123, an increase of 2 percent.

RESPONSE OF POSTAL SERVICE WITNESS MITCHUM TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 12, QUESTION 6 Page 3 of 3

Gold Subscribers

The average increase per subscriber would be 26 percent (5,660 / 4,500 - 1).

Platinum Subscribers

The average increase per subscriber would be 53 percent (15,290 I 10,000 – 1).

- b. Given the lack of data showing how a subscriber will react to a price change for Confirm service, and that the service is still relatively new, I felt that the 10 percent across-the-board reduction assumption was a reasonable adjustment.
- c. The pricing structure I proposed was intended to generate \$1.5 million of revenue. I did not have any information with regard to price sensitivity available, and as such I made a reasonable assumption that was intended to reduce the risk of the product not covering its costs in the future. I was not implying that there was a linear relationship with regard to price increases and demand. While no effort was made on my part to determine how scan volumes would change at different prices, I have no reason to differ from those posited in this question.

RESPONSE OF POSTAL SERVICE WITNESS MITCHUM TO PRESIDING OFFICERS INFORMATION REQUEST NO. 12

7. Under the proposal for Confirm fees, users who purchase scans for mail other than First-class Mail will pay significantly more in fees than users who purchase a like number of scans for First-Class Mail. Please explain how this fact entered into the analysis underlying the rationale for assuming that all users, regardless of the class of mail scanned, would respond to the proposal with equal percentage reductions in scans. If this was not taken into consideration, please explain why not.

RESPONSE:

I was unable to determine what share of an individual user's scans was used for First-class Mail or other classes. Itried to control for this by assuming an across-theboard 10 percent reduction in scan usage for all users. I also assumed a small increase in the First-class Mail share of all scans, basically rounding up the 53 percent that were First-class Mail (based on the data that I had available) to 55 percent. This effectively increased the spread between the shares of First-Class Mail and other classes by about 5 percent. The assumption on decreased demand is fluid enough under the proposed fee schedule to allow the decrease to be treated as total scans being reduced by 10 percent. A different assumption (that the distribution of the foregone scans is not uniform) would not greatly affect the revenue generated. As shown in LR-124, WP-4 Confirm, 81 percent of all additional blocks of units are expected to be purchased at \$17.50 each, and this category accounts for nearly two-thirds of all revenue from additional blocks of units. Even if there were a shift toward more of the least expensive blocks being purchased, the potential revenue leakage is limited to \$217,105, the total revenue from the purchase of the first to the 99th additional blocks of units. Much of this revenue cannot be shifted away, as larger users must buy these blocks before moving up to the lowest priced blocks.

United States Postal Service

Donald J. O'Hara (USPS-T-31)

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS O'HARA TO INTERROGATORY **OF** AMERICAN BANKERS ASSOCIATION AND NATIONAL ASSOCIATION **OF** PRESORT MAILERS Revised: August 30,2006

ABA-NAPM/USPS T31-1

Attached is a table showing Cost Coverages for First Class Mail and Standard A Mail from 1994 on, including a comparison to the system-wide average. Please confirm that the figures in the attached table are correct. If you do not confirm. please provide the correct numbers.

RESPONSE

I believe that two modifications should be made to the data in your attachment

- Data for FY 2006, FY2007, and FY 2008 should be updated to incorporate revisions since the original filing. I have included the revised data on the first page of the attachment to my response, just below the original data for these years.
- 2. Beginning in FY 2000, the CRA provides Standard Mail costs only for Regular and Nonprofit combined and for ECR and NECR combined. In earlier years, costs were provided for each of the four subclasses. Your data for Standard Mail in 1999 (and presumably for 1994 1998 as well) are for the commercial portions of Regular and ECR. To get an apples-to-apples comparison of coverages before and after FY 2000, I would recommend aggregating data from the earlier years to the level of detail reported beginning in FY 2000. The second page of the attachment does this for 1999; if you accept my recommendation, data for FY 1994 through FY 1998 should be similarly aggregated.

Recent Cost Coverages For First Class and Standard A Mail Compared to System-Wide Average for All Mail & Special Services Cost Coverage

| | System- | First-class Mall Letters | | Standard Mall | | | |
|----------|---------|--------------------------|---------|---------------|-------|---------|------|
| | Wide | | single- | | | | |
| Year | Average | Total | Piece | Presort | Total | Regular | ECR |
| 1994 | 155% | 167% | 150% | 216% | 148% | 131% | 217% |
| 1995 | 163% | 173% | 151% | 247% | 157% | 140% | 227% |
| 1996 | 164% | 175% | 150% | 262% | 159% | 144% | 230% |
| 1997 | 181% | 204% | 182% | 275% | 166% | 154% | 242% |
| 1998 | 179% | 209% | 186% | 276% | 161% | 142% | 248% |
| 1999 | 168% | 196% | 175% | 259% | 149% | 136% | 207% |
| 2000 | 171% | 202% | 174% | 280% | 156% | 135% | 220% |
| 2001 | 171% | 202% | 173% | 278% | 157% | 135% | 233% |
| 2002 | 173% | 207% | 176% | 286% | 157% | 137% | 224% |
| 2003 | 186% | 218% | 181% | 314% | 175% | 152% | 263% |
| 2004 | 185% | 219% | 180% | 321% | 174% | 154% | 245% |
| 2005 | 176% | 210% | 172% | 301% | 172% | 160% | 204% |
| 2006' | 188% | 227% | 187% | 332% | 178% | 160% | 244% |
| 2007 | 181% | 217% | 177% | 309% | 178% | 168% | 209% |
| TY2008 | 188% | 226% | 183% | 317% | 185% | 177% | 213% |
| FY2006BR | 176% | 214% | 174% | 303% | 173% | 162% | 207% |
| FY2007BR | 175% | 215% | 174% | 301% | 171% | 161% | 203% |
| TY2008AR | 189% | 229% | 186% | 312% | 185% | 177% | 214% |

| | | Compared to Average | | Compared to Average | | | |
|----------|---------|--------------------------|---------|---------------------|-------|---------|------|
| | System- | First-class Mail Letters | | Standard Mail | | | |
| | Wide | | Single- | | | | |
| | Average | Total | Piece | Presort | Total | Regular | ECR |
| 1994 | 155% | 1.08 | 0.97 | 1.39 | 0.95 | 0.85 | 1.40 |
| 1995 | 163% | 1.06 | 0.93 | 1.52 | 0.96 | 0.86 | 1.39 |
| 1996 | 164% | 1.07 | 0.91 | 1.60 | 0.97 | 0.88 | 1.40 |
| 1997 | 181% | 1.13 | 1.01 | 1.52 | 0.92 | 0.85 | 1.34 |
| 1998 | 179% | 1.17 | 1.04 | 1.54 | 0.90 | 0.79 | 1.39 |
| 1999 | 168% | 1.17 | 1.04 | 1.54 | 0.89 | 0.81 | 1.23 |
| 2000 | 171% | 1.18 | 1.02 | 1.64 | 0.91 | 0.79 | 1.29 |
| 2001 | 171% | 1.18 | 1.01 | 1.63 | 0.92 | 0.79 | 1.36 |
| 2002 | 173% | 1.20 | 1:02 | 1.65 | 0.91 | 0.79 | 1.29 |
| 2003 | 186% | 1.17 | 0.97 | 1.69 | 0.94 | 0.82 | 1.41 |
| 2004 | 185% | 1.18 | 0.97 | 1.74 | 0.94 | 0.83 | 1.32 |
| 2005 | 176% | 1.19 | 0.98 | 1.71 | 0.98 | 0.91 | 1.16 |
| 2006' | 188% | 1.21 | 0.99 | 1.77 | 0.95 | 0.85 | 1.30 |
| 2007 | 181% | 1.20 | 0.98 | 1.71 | 0.98 | 0.93 | 1.15 |
| TY2008 | 188% | 1.20 | 0.97 | 1.69 | 0.98 | 0.94 | 1.13 |
| FY2006BR | 176% | 1.22 | 0.99 | 1.72 | 0.99 | 0.92 | 1.18 |
| FY2007BR | 175% | 1.23 | 0.99 | 1.72 | 0.98 | 0.92 | 1.16 |
| TY2008AR | 189% | 1.21 | 0.99 | 1.65 | 0.98 | 0.94 | 1.14 |

Attachment to Response to ABA-NAPM-T31-1 page 2 of 2

Recent Cost Coverages For First Class and Standard A Mail Compared to System-Wide Average for All Mail & Special Services Cost Coverage

| | System- | | | | | Standard Ma | il |
|-----------|-----------------|---------------------------|------------------------|--------------|--------------------------|------------------|-----------|
| Year | Wide Average | | | | Total | Regular | ECR |
| From inte | rrogatory: | | | | From inter | rogatory: | |
| 1999 | 166% | | | | 149% | 136% | 207% |
| | | | FY 1999 (andard Ma | | From FY 1 149% | 999 CRA: 131% | 201% |
| | | | Volume- | | 1 | † | Ţ |
| | | Revenue | Variable Cost | Coverage | 1 | | |
| | Total Standar | d except sing 14,316.0 | le-piece: 9,594.0 | 149% | <u></u> | | |
| | Regular | 7,934.5 | 5,850.8 | 136% | | i | i |
| | Nonprofit | 1,326.5 | 1,222.3 | 109% | | 1. | 1 |
| | Combined | 9,261.0 | 7,073.1 | 131% | | d | l |
| | ECR NECR | 4,827.1 227.9 | 2,335.3 185.6 | 207% 123% | | | |
| | Combined | 5,055.0 | 2520.9 | 201% | | | 'J |

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS O'HARA TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1

12. In support of Exhibits **USPS-31A**, USPS-31B and **USPS-31C**, please provide workpapers for Fiscal Years 2005,2006,2007, and 2008 that show for each mail category and special service the following statistics and their sources: (a) mail volume, (b) postage, (c) fees, (d) total revenue, and (e) revenue per piece. The requested workpapers should have a similar structure as Postal Service witness **Taufique's** Exhibit USPS-28A, Tables 11 and 12 in Docket No. R2005-1.

RESPONSE

Please see USPS Library Reference **L-174.** The worksheets with "Vol & Rev" in their names provide the requested data. Information for BY 2005, FY 2006, FY 2007 BR, and TY 2008 BR are in the "BR" spreadsheet, and information for FY 2007 AR and TY 2008 AR are in the "AR" spread sheet.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS OHARA TO QUESTIONS POSED BY VALPAK AT AUGUST 30,2006 HEARINGS

Tr. 17/5252:

Please compare the original version of your testimony (USPS-T-31) and the final version filed on August 25, 2006. There are differences in the "original" and "final" proposed cost coverages for Standard Regular and Nonprofit.

- Lines 7-9: Please provide information on what changes in revenue and cost caused the cost coverage to increase from 167 to 176.
- Lines 16-19: Please also confirm whether 176 or 177 is the correct value for the final Standard Regular and Nonprofit coverage.

RESPONSE

See the attached spreadsheet for the explanation, underlying data and citations.

TY 2008 AR Revenue and Volume-Variable Cost for Standard Mail Regular As Originally Filed and As Revised 8-25-06 (Dollars in Thousands)

| | (1) TYAR Volume- Variable Costs | (2) Postage | (3) Fees | (4) TYAR Revenue | (5) Cost Coverage | (6) Contribution |
|-------------------------------------|---------------------------------------|----------------|-------------|------------------------|-------------------------|---------------------|
| Standard Mail Regular and Nonprofit | | | | <u>-</u> | 1770 | |
| 1 As originally filed: | 9,835,815 | 17,256,051 | 108,076 | 17,364,127 | 176.54% | ⊤,528,312 |
| 2 As revised 8-25-05; | 9,836,572 | 17,256,051 | 101,876 | 17,357,928 | 176.46% 176% | 7,521,356 |
| 3 Change (line 2 · line 1) | 757 | | (6,199) | (6,199) | -0.08% | (6,956) |

Response to (i), which refered to the following erratum:

| Explanation | "167" to "176" (a) At the time of filing the correct coverage was 177%, and the as-filed Exhibit 31E | value. However, in my testimony, it was mis-typed as 167%. |
|-------------|--|--|
| | (a) | -ka |
| Change | "167" to "176" | |
| Line* | (21) 3 | |
| Page* | (26) 27 | |
| | | |

B had the correct

revenues had reduced the ratio of revenue to cost by 0.08 percentage points, causing the coverage value When revised testimony and exhibits were filed on August 25th, small changes in costs and in fee to round down to 176% instead of up to 177%. <u>a</u>

Costs went up 757 because APC savings were moved from mail processing, where they benefited Standard Regular, to window service, where they did not.

Fee revenue declined by 6,199. Of this, 5,982 was due to a reduction in the combined revenue from Note also that, in the summary of errata for my testimony, the citation to revised fee data was "USPS-LRthe long-standing Standard Weighted Fee (forwarding & return) and the new Standard Forwarding Fee. L-123-Revision-2"; this should be changed to REV 8-24-06 USPS-LR-L-123.xls.

Response to (ii), which refered to the following erratum:

| Explanation | "177" to "176" The correct value for the final coverage is 176, as explained in part (b) of my response (i) above, | and was correctly shown in the revised testimony. This question might have been answered on the | spot had the witness remembered that the questioner was looking at the as-filed testimony. |
|-------------|--|---|--|
| Change | "177" to "176" | | |
| LIG | (19) 1 | | |
| 7806 | (27) 28 | | |

*Page and line numbers in parentheses refer to the as-filed Testimony.

United States Postal Service

James W. Page (USPS-T-23)

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS PAGE TO PRESIDING OFFICER'S INFORMATION REQUEST No. 16

Question 2

POIR 14, Question 4, asked the Postal Service to develop a cost adjustment to account for the anticipated migration of single-piece (permit imprint) parcels to the proposed Business Parcel categories. The response does not provide one, citing the anomalously high cost of presort parcels and difficulty gauging the presort profile of the shifted volumes. Please develop and present a final cost adjustment for the anticipated migration using the adjusted unit cost for First-class presort parcels developed by witness Smith in response to POIR 14, Question 5. Please also assume the same presort profile for parcels that is utilized in the rate design and (initial) revenue calculations, as shown in USPS-LR-L-129, WP-FCM-5c (revised August 24, 2006). To be consistent with the response to PSA/USPS-T32-17, utilize the unit cost of First-class single-piece permit imprint parcels provided in the response to Question 1 of this POIR. Please make any further necessary assumptions, provide explanations for the assumptions made, show all calculations, and identify all data sources.

RESPONSE:

The calculations responsive to question 2 for both the USPS and PRC final adjustments are contained in spreadsheets titled, "1st Class Adjustment "contained in respective workbooks Fin Adj2008-USPS POIR16.xls and Fin Adj2008-PRC POIR16.xls. As suggested above Tused the data from USPS-LR-L-129, WP-FCM-5c (revised August 24,2006) and the estimate of 36.2 percent of single-piece First-class Mail parcels shifting to Presort as provided in the response to PSA/USPS-T32-17 for my calculations. Tused the mail processing unit cost data witness Smith provided in USPS-LR-L-184 for the USPS version and USPS-LR-L-185 for the PRC version. I used the bundle sort costs from witness Miller from USPS-LR-L-43 and USPS-LR-L102. I used the volumes and volume distributions from witness Taufique as found in USPS-LR-L-129. This data was used to develop the volume taken from First-class singlepiece parcels migrating into First-class Presort parcels because of the Business Class developed in witness Taufique's testimony. The impacts of the resulting cost adjustments required altering the formulae in spreadsheets "Total" in columns AR2007 and AR2008 in the First-Class Presort row under Mail Processing heading, and necessitated adding a row for First-class single-piece under the Mail Processing heading and under the Total Final Adjustments

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS PAGE TO PRESIDING OFFICERS INFORMATION REQUEST No. 16

heading. Please also refer to the response to Question 5 of this POIR for description of further changes made to the Final Adjustments calculations.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS PAGE TO PRESIDING OFFICER'S INFORMATION REQUEST No. 16

Question 5.

Please refer to USPS-LR-L-59, revised August 24. 2006, and USPS-LR-L-111, revised August 17,2006.

- a. In the worksheet Finaladjustments2008-USPS.XLS, specifically tab "roll forward", it appears that the costs are not the revised roll forward costs as filed by witness Waterbury on August 16,2006 as USPS-LR-L-165 through 167. Please provide a revised Finaladjustments2008-USPS.XLS worksheet using the revised rollforward costs.
- b. In the worksheet Final Adjustments 2008-PRC.XLS, specifically tab "roll forward", it appears that the costs are not the revised rollforward costs as filed by the Postal Service on August 16. 2006 as USPS-LR-L-168, LR-L-169 1 and LR-L-169 2. Please provide a revised Final Adjustments 2008-PRC.XLS worksheet using the revised rollforward costs.
- c. Additionally, please include, in both Final Adjustments2008-USPS.XLS and Final Adjustments2008-PRC.XLS, the revised piggyback factors that are provided in the answer to the previous question above.

RESPONSE:

- a lincluded the revised roll forward costs as filed by witness Waterbury on August 16,2006 as USPS-LR-L-165through 167. These are contained in the workbook Fin_Adj2008-USPS_POIR16.xls in the spreadsheet "roll forward". Also the Priority Mail costs shown in spreadsheet "Priority data" changed due to the roll forward changes.
- b I included the revised roll forward costs as filed by witness Waterbury on August 16, 2006 as USPS-LR-L-168 through 169. These are contained in the workbook Fin_Adj2008-PRC_POIR16.xls in the spreadsheet "roll forward". Also the Priority Mail costs shown in spreadsheet "Priority data" changed due to the roll forward changes.
- c Iincluded the revised piggyback factors that are provided in the answers to POIR 16 question 4, filed as USPS-LR-L-186 and USPS-LR-L-187. These data were included in soreadsheets "Piggys" for the final adjustments.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS PAGE TO PRESIDING OFFICERS INFORMATION REQUEST No. 16

Please also refer to the response *to* Question 2 of this POIR for discussion of further changes to the final adjustments model responsive to the requests made in this POIR.

United States Postal Service

Marc A. Smith (USPS-T-13)

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH TO PRESIDING OFFICERS INFORMATION REQUEST NO. 14, QUESTION 1

1. Please identify the source and the method of distributing the cost reductions and other programs identified in USPS-LR-L-49, to operations used in calculating both Base Year and Test Year operation specific mail processing piggyback functions in USPS-LR-L-52 and USPS-LR-L-98. Currently, the cost reductions and other programs are hard coded in tab 'CR&OP' of MPPGBY05PRC, MPPGBY08PRC and MPPGBY08 spreadsheets. Please either update the above library references so that hard-coded figures for operation specific cost reductions and other programs are linked to their corresponding sources or provide a spreadsheet that shows the distribution methodology of the cost reductions and other programs from USPS-LR-L-49.

RESPONSE:

Spreadsheets showing the calculations for cost reductions and other programs costs by cost pool and equipment categories (as contained in the tab 'CR&OP' of MPPGBY08 and MPPGBY08PRC spreadsheets') are provided in USPS LR-L-181 and 182. Review of the comparable spreadsheets as originally prepared revealed some errors. These errors have been corrected, leading to minor revisions in the cost reductions and other programs results input into MPPGBY08 and MPPGBY08PRC spreadsheets, as discussed below. USPS LR-L-181 contains the spreadsheet OpsSummaryworkhours08.POIR14Q1.xls, which contains the cost reductions and other programs for input into MPPGBY08.xls. MPPGBY08.POIR14Q.xls, which is linked to OpsSummaryworkhours08.POIR 14Q1.xls, is provided to show the impacts of the changes on the outputs of MPPGBY08.xls. Likewise, USPS LR-L-182 contains the spreadsheet OpsSummaryworkhours08PRC.POIR14Q1.xls, which contains the cost reductions and other programs for input into MPPGBY08PRC.xls. MPPGBY08PRC.POIR14Q1.xls, which is linked to

¹ No cost reductions and other programs inputs were used for MPPGBY05PRC.xls.

RESPONSE **OF** UNITED STATES POSTAL SERVICE WITNESS SMITH TO PRESIDING OFFICERS INFORMATION REQUEST NO. 14, QUESTION 1

OpsSummaryworkhours08PRC.POIR14Q1.xls, is provided to show the impacts of the changes on the outputs of MPPGBY08PRC.xls.

USPS-L-49, Attachments A-C, and G-I are the main sources for the cost reductions and other programs costs by cost pool and equipment category shown in USPS LR-L-181 in spreadsheetOpsSummaryworkhours08.POIR14Q1.xls and in USPS LR-L-182 in spreadsheet OpsSummaryworkhours08PRC.POIR14Q1.xls. Additional information from Engineering was used to split the work hour impacts of the cost reductions and other programs by LDC and equipment type, such as splitting the workhour impacts of the program OCR Enhancements for Letter Automation into LDCs 11, 14, 15 and others and splitting the maintenance labor workhours of the APPS programs by equipment type to obtain separate impacts for SPBSs (which are being removed) and the APPS (which are being deployed). The additional information was needed to relate the cost reductions and other programs workhour impacts to mail processing cost pools and equipment categories. In both OpsSummaryworkhours08.POIR14Q1.xls and OpsSummaryworkhours08PRC.POIR14Q1,xls, there is a summary of the workhou changes by program showing the consistency of the workhour impacts used in these spreadsheets with those provided in USPS LR-L-49.

As shown in the provided spreadsheets, results by cost pool and equipment category are obtained by cross walking the labor cost changes for each program and LDC to the cost pools. In some cases this process is straight forward, in other cases additional calculations are required. For instance, in programs like OCR Enhancements for Letter Automation, splitting LDC 11 labor cost changes by equipment type (OCRs

RESPONSE **OF** UNITED STATES POSTAL SERVICE WITNESS SMITH TO PRESIDING OFFICERS INFORMATION REQUEST NO. 14, QUESTION 1

and DBCSs) and cost pool require additional calculations. These are based on the number of each equipment type to be removed or deployed, base year labor costs per machine, along with the Operations staffing guidelines for new equipment. Similarly, APPS programs labor savings were further divided to estimate the labor cost changes for APPS, SPBS and other operations. Another example is the distribution of the LDC 17 workhour savings from the Surface Visibility program to the cost pools for allied operations at plants and BMCs, based on the relative base year labor **costs** for each cost pool.

Correction of errors had small impacts on the elements used to compute test year piggyback factors. The revisions lead to small modifications in the clerk and mailhandler labor cost, maintenance labor costs and supplies costs by **cost** pool, as shown in MPPGBY08.POIR14Q1 and MPPGBY08PRC.POIR14Q1 spreadsheets.

Correcting errors involved removing the inconsistencies with the workhours reported in USPS LR-L-49 and correcting the calculation of the changes to SPBS staffing resulting from the APPS program. In addition, for the PRC version, the variabilities for some programs were incorrect. These variabilities were corrected and made consistent with that used in the PRC **rollforward**.

RESPONSE OF POSTAL SERVICE WITNESS SMITH TO PRESIDING OFFICERS INFORMATION REQUEST NO. 14, QUESTION 5

Please refer to the response to Presiding Officer's Information Request No. 10, Question 2.f. (revised August 22, 2006). Is the rationale offered for this adjustment method also valid for First-class presort parcels? If so, please provide an analysis similar to Attachment 4 to the response that calculates a parallel adjustment for First-class presort parcels. If not, please explain why the adjustment method could not be reasonably applied to First-class presort parcels.

RESPONSE:

The rationale provided in my response to POIR No. 10, Question 2.f is valid for First-class presort parcels. Applying this adjustment method to First-class presort parcels, however, is more uncertain than applying it to Standard Regular (non-ECR) parcels. It is not as supportable, and the adjustment for First-class presort parcels is much larger than for Standard Regular parcels. Below I explain my reasoning for this statement and I supply the adjustment for First-Class presort parcels as requested.

The rationale provided in my response to POIR No. 10, Question 2.f for applying the adjustment method contained in my testimony, USPS-T-13, Attachment 13, to Standard ECR also is valid for First-class presort parcels This rationale was (TR 14/4248-9):

"Even without knowing the source for the cost anomaly, one can support the use of this method [contained in USPS-T-13, Attachment 13] to adjust Standard ECR parcel costs on the basis that ODIS-RPW and the cost systems are both sample based and have the same definition of shape and, therefore, both may well diverge from RPW by shape data in a parallel way."

As for Standard ECR parcels, the unit costs for First-Class presort parcels appear anomalous, as noted in POIR No. 10, Question 2 itself, TR 14/4243. As in the case of Standard ECR, I do not know the source of this anomaly (see my

RESPONSE OF POSTAL SERVICE WITNESS SMITH TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 14. QUESTION 5

response to parts a and e of POIR no. 10, question 2, TR 14/4243-53). Finally, the consistency of ODIS-RPW and the costs systems in defining shape applies to First-class presort parcels in just the same way it applies to Standard ECR parcels, providing a basis for the same kind of adjustment.

But, there is significant uncertainty in applying this method to First-class presort parcels for two important reasons. ¹ First, applying this adjustment method to First-Class presort parcels is not supported as fully as its application to Standard Regular (non-ECR) parcels, as done in my testimony. In the case of Standard Regular parcels, as indicated in my testimony. there appears to be a mismatch between volume and cost data, since some parcel-shaped pieces could qualify for automation flats rates based on DMM 301.3.4.2 (Criteria for UFSM 1000 Flats) and classified as flats, rather than parcels. Costs for Standard Regular parcels would include these parcel-shaped pieces. which qualified for automation flats rates, while the reported volumes would not include them. In addition, the Standard parcel rate surcharge incentivizes parcel mailers to qualify for automation flats rates. The Standard parcel rate surcharge and rules allowing some parcel-shaped pieces to qualify for automation flats rates were first implemented in early FY 1999. The decline in the ratio of RPW by Shape volumes to ODIS-RPW volumes for Standard Regular parcels began in FY 1999 and is consistent with the rise in the Standard Regular parcels unit costs, thus

¹ This same uncertainty also applies to the use **of** this adjustment for Standard ECR parcels. Some of the concerns expressed here on First-class presort parcels were also discussed for Standard ECR parcels in my response to POIR No. **10**, Question 2 (See TR **14**/ 4243-53).

RESPONSE OF POSTAL SERVICE WITNESS SMITH TO PRESIDING OFFICERS INFORMATION REQUEST NO. 14. QUESTION 5

showing the value of the ratio as a measure of the cost and volumes inconsistency, and the use of this ratio as an adjustment method for Standard Regular parcels.²

This explanation does not account for the rise in First-Class presort parcels unit costs. Attachment 1 of this response shows that the ratio of RPW volumes to ODIS-RPW volumes for First-class presort parcels declined markedly in FY 1998. Attachment 1 of my response to POIR No. 10, Question 2 (TR 14/4250) shows the unit costs for First-class presort parcels also jumped in FY 1998. While there might be comfort in seeing the consistency of the timing in these changes, these changes (and the process leading to cost anomalies) began the year before the implementation of the rules allowing some parcelshaped pieces to qualify for automation flats rates based on DMM 301.3.4.2 (Criteria for UFSM 1000 Flats). This suggests there is a different source for the cost anomaly for First-Class presort parcels than for Standard Regular parcels.

Second, the adjustment is much larger for First-Class presort parcels (and for Standard ECR parcels) as compared to Standard Regular parcels. As a result, it is more uncertain α less reliable to \mathbf{use} this adjustment for First-Class presort parcels. This is shown by the following algebraic interpretation of the adjustment method. The adjustment process, applied to parcels mail processing unit costs. can be represented as:

² See Attachment 2 of my response to POIR No. 10, Question 2 (TR 14/ 4251) ratio of RPW by Shape volumes to ODIS-RPW volumes for Standard Regular parcels for 1996 to 2005. Also, see Attachment 1 of this same response (TR 14/ 4250) to see the trend of unit labor costs for Standard Regular parcels.

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Unit $Cost_A = Unit Cost_U \cdot AR$

where subscript A is "adjusted" and subscript U is "unadjusted" and AR is "adjustment ratio." In addition, we can say:

Unit Cost" = Cost_{IOCS} / Volume_{RPW} and

AR = Volume RPW IVolume RPW-ODIS.

where Cost_{IOCS} is the costs per IOCS, Volume RPW is the RPW by Shape volumes and Volume RPW-ODIS is the ODIS-RPW volumes (controlled to RPW). If we substitute the latter two formulas into the formula for Unit Cost_A we get the following:

Unit Cost_A = Cost_{IOCS} Volume RPW-ODIS.

This unit cost has consistent costs and volumes, as discussed previously, since both IOCS and ODIS-RPW sample based system use the same dimension based definitions for shape.

What the algebra also shows is that the adjusted parcel unit cost is the unit cost for the parcels as defined by ODIS-RPW volumes, rather than the RPW by shape volumes. In the case of Standard Regular parcels, the adjusted unit cost for the 600.3 million RPW based Standard Regular parcels is premised on the unit cost for the 784.0 million ODIS-RPW based Standard Regular parcels.³ The 600.3 million RPW based Standard Regular parcels and the 784.0 million ODIS-RPW based Standard Regular parcels are mostly the same mail pieces, but the latter also likely contains parcel-shaped pieces that qualify for automation

³ See my testimony, USPS-T-13, Attachment 13 for the RPW and ODIS-RPW volumes for Standard Regular parcels.

RESPONSE OF POSTAL SERVICE WITNESS SMITH TO PRESIDING OFFICERS INFORMATION REQUEST NO. 14, QUESTION 5

flats rates. Thus we can comfortably use the unit costs of the 784.0 million ODIS-RPW based Standard Regular parcels as a proxy for the 600.3 million RPW based Standard Regular parcels.⁴

The case is different for First-class presort parcels (and for Standard ECR as well). In the case of First-class presort parcels, the adjusted unit cost for the 8.4 million RPW based First-class presort parcels is premised on the unit cost for the 26.9 million ODIS-RPW based First-class presort parcels. The 8.4 million RPW based First-Class presort parcels and the 26.9 million ODIS-RPW based First-Class presort parcels are possibly two very different groups of mail pieces, with the differences between the two groups unknown. Thus, there are significant unknowns and uncertainty in using the unit costs of the 26.9 million ODIS-RPW based First-class presort parcels as a proxy for the 8.4 million RPW based First-class presort parcels. These same reservations certainly apply to using the adjustment method for Standard ECR parcels as provided in my response to POIR No. 10, Question 2, given the great disparity between the RPW by Shape volumes to ODIS-RPW volumes for Standard ECR parcels.

In Attachment 2 of this response, I provide for First-Class presort parcels a version of my testimony Attachment 13. This shows the adjustment to be made to both First-Class presort flats and parcels, as done for Standard Regular flats and parcels in USPS-T-13. Attachment 13. The test year First-class presort

⁴ A discussion of the approximation involved in using the adjustment method for Standard Regular parcels is provided in my responses to PSA/USPS-T13-8 and 14 (TR 14/4280, 4290-4292).

⁵ See Attachment 1 of this response for the RPW and ODIS-RPW volumes for First-class presort parcels.

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parcels unit cost of 303.81 cents as reported in USPS-T-13, Attachment 14, would be 94 77 cents, if adjusted as shown in Attachment 2 of this response. In addition, First-class presort flats processing unit costs would rise by 7.1 percent, from 27.15 cents to 29.08 cents

ATTACHMENT 1 TO QUESTION 5

RESPONSE OF POSTAL SERVICE WITNESS SMITH TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 14, QUESTION 5

COMPARISON OF FIRST-CLASS LETTERS PRESORT (CARRIER ROUTE INCLUDED) RPW AND ODIS VOLUMES BY SHAPE FOR FY1996 TO FY2005

| | RPW SHAPE REP | REPORT VOLUME BY Volume in Thousands | RPW SHAPE REPORT VOLUME BY CLASS & SHAPE Volume in Thousends | in Q | ORIGIN-DESTINATION INFORMATION SYSTEM DESTINATING VOLUME BY CLASS & SHAPE Volume in Thousands Controlled to RPW | TNATION INFORMATION SYST VOLUME BY CLASS & SHAPE VOLUME In Thousands Controlled to RPW | TION SYSTEM DES S. &. SHAPE Isands RPW | TINATING | RATIO OF RPW TO ODIS FOR PARCELS/IPPS VOLUMES |
|----------|--|---|---|------------|---|--|---|------------|--|
| | Source: LR-L-87 Shape GFY 2005rV.xls and | ере GFY 2005 | rV.xls and predecessors. | sors. | Source; ODIS-RPW UDS file and predecessors | nd predecess | ors. | | |
| <u>.</u> | Letters | Flats | Parcels/IPPs | All Shapes | Letters | Flats | Parcels/IPPs | All Shapes | |
| 1996 | 38,399,756 | 615,318 | 42,119 | 39,057,193 | 38,402,520 | 615.521 | 39,152 | 39,057,193 | 1.076 |
| 1987 | 39,421,809 | 610,213 | 30,595 | 40.062,616 | 39,416,726 | 614,326 | 31,565 | 40,062,616 | 0.969 |
| 1998 | 40,117,142 | 506,305 | 10,805 | 40,634,252 | 39,989,570 | 611,232 | 33,451 | 40,634,252 | 0.323 |
| 1999 | 42,282,156 | 562,570 | 14,393 | 42,859,119 | 42,133,188 | 688,544 | 37,387 | 42,859,119 | 0.385 |
| 2000 | 44,931,829 | 733,863 | 9,980 | 45,675,472 | 44,850,693 | 796,573 | 28,205 | 45,675,472 | 0.354 |
| 2001 | 46,418,387 | 789,239 | 6,585 | 47,214,210 | 46,272,848 | 910,721 | 30,642 | 47,214,210 | 0.215 |
| 2002 | 46,841,607 | 807,594 | 8.876 | 47,658,076 | 46,666,118 | 956,127 | 35,831 | 47,658,076 | 0.248 |
| 2003 | 46,415.198 | 862,863 | 9,727 | 47,287,788 | 46,277,264 | 976,874 | 33,650 | 47,287,788 | 0.289 |
| 2004 | 46,509,242 | 816,967 | 7,610 | 47,333,818 | 46,339,584 | 966,103 | 28,132 | 47,333,818 | 0.271 |
| 2005 | 48,147,533 | 909.626 | 8,394 | 49,065,552 | 47,977,533 | 1,061,112 | 26,907 | 49,065,552 | 0.312 |

ATTACHMENT 2 TO QUESTION 5

Unit Costs With Final

RESPONSE OF POSTAL SERVICE WITNESS SMITH TO PRESIDING OFFICERS REQUEST NO. 14, QUESTION 5

FIRST-CLASS MAIL PRESORT FLATS-PARCEL COST ADJUSTMENT FOR COSTS BY SHAPE

PARTI: CALCULATION OF RPW/RPW-ODIS RATIO FOR FIRST-CLASS PRESORT PARCELS

Source. ODIS-RPW*UDS file*Produced by Revenue 6 VolumeReporting

Volumes in 000s

 ODIS
 Letters
 Flats
 IPPS/Parcels
 Total

 FIRST-CLASS
 PRESORT
 52,635,596
 1,164,134
 29,519
 53,829,249

ODISLettersFlatsIPPS/ParcelsTotalDistribution Key %97.8%2.2%0.1%1

RPW Volumes with **ODIS** Shape **Shares**

 Letters
 Flats
 IPPS/Parcels
 Total

 FIRST-CLASS
 PRESORT
 47,977,533
 1,061,112
 26,907
 49,065,552

RPW Volumes by Shape

FIRST-CLASS PRESORT 48,147,533 909.626 8.394 49,065,552

Source: USPSLR-L-87

RPW/RPW-ODIS: FIRST-CLASS PRESORT 0.311948282

PARTII: CALCULATION OF ADJUSTMENT

Reconciliation Factor **UnadjustedCosts Unadjusted Unit Costs** IPPS/Parcels IPPS/Parcels Flats Flats 301.63 27.15 303.81 26.96 First-class Presort Unit Costs n/a First-Class Presort Total Costs 245,235 25.317 17.420 7.898 25.317 Split of Parcel Costs io Flats 6 Parcels Adjusted costs 262,654 First-Class Presort Total Costs 7.898 29 08 94.77 First-class Preson Unit Costs 28.87 94.09 1,071 0.311948282 1.071 0 311948282 Adjustment Ratios

Based on USPS LR-L-53. shp08usps.xls

United States Postal Service

Don M. Spatola (USPS-T-49)

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SPATOLA (USPS-T-49) TO PRESIDING OFFICERS INFORMATION REQUEST NO. 15, QUESTION 1, subparts (a)-(d), (f)-(j)

- 1. The Postal Service recently entered into a three-year contract with United Parcel Service (UPS) to transport primarily First-class and Priority Mail ¹
 - a. Please describe the parties' duties under this contract, including, among other things, the time of day and the days service is provided by UPS.
 - b. When did the contract become effective and when does it expire?
 - c. By mode of transportation and, if applicable, by subclass, on what basis is the Postal Service charged by UPS, e.g., cubic feet, weight, andlor distance?
 - d. Will mail other than First-class and Priority be transported by UPS? If so, please elaborate.
 - e. How are the costs incurred under the contract allocated (distributed) to the various subclasses of mail transported by UPS?
 - f. Does this contract have a declining block structure? If so, please elaborate.
 - g. **Is** there a minimum or maximum volume commitment by either party **to** the contract? If so, please elaborate.
 - h. Please quantify **the** test year cost effects (by subclass) of the contract.
 - 1. Please identify all differences, if any, between mail transported by FedEx and UPS, including, for example, originIdestinationpairs, distance transported, weight, shape.
 - j. Does the Postal Service have the option of scheduling mail on either the FedEx or UPS network? If not, please elaborate. If so, on what basis does the Postal Service decide to schedule mail on a particular network?

RESPONSE:

(a) The UPS contract provides for the transportation of mail on two different bases: space available and dedicated.

Space Available Capacity service is provided on Tuesdays through Fridays, but service on Saturdays, Sundays, or Mondays may be provided if the parties agree to terms. The Postal Service will have access to the space available on both the Day and Night UPS Network. For mail transported on a space available basis, the Postal Service will provide UPS with a request **for** capacity, expressed in pounds, a set

¹ USPS Press Release, June 28.2006, Postal Service and United Parcel Service Expand Business

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SPATOLA (USPS-T-49) TO PRESIDING OFFICERS INFORMATION REQUEST NO. 15, QUESTION 1, subpaits (a)-(d), (f)-(j)

RESPONSE (continued):

number of days prior to the start of a UPS operating period. UPS will then provide the Postal Service with its network design or planned capacity. The Postal Service will then notify UPS of the volume that it wishes to move on the offered network. The Postal Service may also place later "spot" orders when UPS advises that additional capacity has become available.

For mail transported on a dedicated basis, the Postal Service will provide its request for dedicated capacity a set number of days prior to the start of an operating period. UPS will then advise of the number of container positions that it will make available to the Postal Service on its scheduled flights, indicating the origin/destination cities served, the volume planned for the aircraft, and the aircraft's schedule. The Postal Service will then indicate the container positions it wishes to utilize.

- (b) The contract term began on June 26,2006, and will end on August 31, 2009. The contract includes an option by which it may be extended. by the mutual agreement of the parties, for an additional period of not more than two years.
- (c) The Postal Service will be charged by weight **for** mail transported by air. There is an additional charge per handling unit when mail is sorted at a UPS hub. The contract also provides for additional charges if UPS transports mail from the destination airport to the Postal Service's acceptance point (or designated **delivery** point). There is no distinction by subclass.

Relationship.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SPATOLA (USPS-T-49) TO PRESIDING OFFICERS INFORMATION REQUEST NO. 15, QUESTION 1, subpaits (a)-(d), (f)-(j)

RESPONSE (continued):

- (d) While the contract does not characterize the mail to be transported by class, First-class Mail and Priority Mail have made up approximately 99% of the total volume of mail transported under the contract.
- (f) The contract does not have a declining block structure.
- (g) The Postal Service agrees to place an order for the transportation of at least 700,000 pounds of mail for each day in an operating period, other than holidays and days following holidays, and that it will pay for at least 90% of the volume agreed to in the ordering process. UPS guarantees that it will accept and transport 105% of the volume planned for any given origin and destination pair (lane) on a day-to-day basis.

UPS also guarantees annual capacity to three points outside the continental United States, as follows:

Anchorage, AK 5.0

5.0 Million Pounds

Honolulu, HI

11.0 Million Pounds

San Juan, PR

5.0 Million Pounds

(h) It is not possible to quantify the volume of mail that will fly on the UPS network in FY 2008, because that figure will depend on the volume of mail that will be offered, as well as **the** costs and effectiveness of commercial air transportation in FY 2008.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SPATOLA (USPS-T-49) TO PRESIDING OFFICERS INFORMATION REQUEST NO. 15, QUESTION 1, subparts (a)-(d), (f)-(j)

RESPONSE (continued):

- (i) It is expected that UPS will carry primarily First-class Mail, along with some Priority Mail and trace amounts of other classes and subclasses. The mail transported by the two suppliers has similar characteristics. The networks are similar in that they both provide for service throughout the continental United States. Many of the originIdestination pairs are the same although there are some differences. In addition. the hubs are different.
- network, or transport it by air pursuant to other contracts at its discretion. How mail is scheduled will depend on operational and other factors, including the availability of space on the various carriers, the contractual volume commitments, the relative cost, and the ability to meet service standards.

United States Postal Service

Dennis P. Stevens (USPS-T-19)

Response of Postal Service Witness Dennis P. Stevens **To** Presiding Officer's Information Request No. 16

- 17. Please refer to the SAS Log entitled "City Carrier Street Time Model.2004 data-variability equations.encrypted.log" in USPS-LR-L-180. where the text begins "Note: 36226 records were read from the infile PAVOL," yet four lines later, the log reads "[t]he data set work.pavol has 36224 observations...."
 - a. Please confirm that the file entitled "PAVolume.MaskedZips.xls," found in USPS-LR-L-179 is the source for file PAVolume.MaskedZips.prn.
 - b. Please confirm that PAVolume.MaskedZips.xls has 36226 observations.
 - c. Please confirm that the PAVolume.MaskedZips.xls does not contain an "XX" value for the variable rteno.
 - d. If you do not confirm, please identify which ZIP Code, date combination(s) contains a rteno value of "XX."
 - e. Please confirm that SAS would not create any missing observations for the term nrteno = I'rteno produced in the portion of "City Carrier Street Time Model.2004 data.variability equations.encrypted.log", line 1121. entitled "data pavol2."
 - f. If you do not confirm. please identify the ZIP Code, date, and rteno combination(s) for which SAS creates a missing value(s) for nrteno = 1*rteno.
 - g If you confirm either c. or e., please explain why the SAS log in the abovementioned file contains two fewer observations for the file entitled work.pavol1 than the infile PAVOL." Please identify the two observations deleted from PAVolume.MaskedZips.xls by ZIP Code, date, and rteno combination.

Response:

- a. Confirmed.
- b. Confirmed.
- c. Confirmed.
- d. Not Applicable.
- e.-g. Answered by Prof. Bradley (USPS-T-14).

10. With respect to route pivots, where more than one carrier might deliver mail on the same route on a given day, please describe any differences in the Postal Service's data collection methods in the 2002 and 2004 surveys.

Response:

Please refer to USPS-LR-L-179, page 8. 'In the 2002 CCSTS, the carrier was instructed to Clock Off Street (046) when changing routes, and then Clock To Street (018) when starting a new route. In the 2004 Survey, new barcode scans were added to specifically indicate a route pivot while on the street. The carrier was instructed to scan Change Route/Clock Off Survey (841) when completing a route, and then Change Route/Clock On Survey (858) upon beginning the delivery of another route."

12. Has the Postal Service collected city carrier time and volume data that are similar to the data collected in FY 2002 or FY 2004 described above from any other time period?

Response:

No, the Postal Service has **not** collected any city carrier letter route time and volume data from any other time period that are similar to the data collected in FY 2002 or FY 2004.

- Using the 2004 survey data, please provide files that correspond to the following files included in LR-K-79 in Docket No. R2005-1:
 - a. COSTPOOL2.FINAL.xls
 - b. MDCD.CPSUM.FINAL.xls

In doing so, please provide all data with corresponding date. ZIP Code, and route number identifiers. Also please provide a data dictionary with descriptions \mathbf{d} all variables.

Response:

Please see USPS-LR-L-179

- 6. Using the 2004 survey data, please provide files that correspond to the following files included in LR-K-81 in Docket No. R2005-1:
 - a. Density MDATA.prn
 - b. LFVolume MDATA.prn
 - c. PAVolume MDATA.prn
 - d. Timepool MDATA.prn

In doing so, please provide a data dictionary with descriptions of all variables.

Response:

Please see USPS-LR-L-I79.

7. Please provide a file that cross-walks masked **ZIP** Codes in all files submitted in response to questions 4 through 6, and any file submitted in LR-K-79 and LR-K-81 in Docket No. R2005-1.

Response:

Seven **ZIP** Codes are in both the 2002 and 2004 datasets. The following table provides a cross-walk of the masked **ZIPs** for those offices.

| Masked Zip | Masked Zip |
|------------|------------|
| Code, 2004 | Code, 2002 |
| Dataset | Dataset |
| 47421 | 6566657 |
| 78829 | 7253903 |
| 88309 | 8027588 |
| 78846 | 9785658 |
| 57785 | 2330822 |
| 44401 | 5692981 |
| 47392 | 275455 |

8. Please describe any differences between the 2002 and the 2004 surveys in the Postal Service's efforts to train data collectors and verify the accuracy of the data collected.

Response:

The selection and training of local Study Coordinators were the same as in 2002. Also, as in 2002, the study coordinators had the responsibility to train the affected carriers and other local coordinators at their site. However, the 2004 data collection did not replicate the 2002 surveys in all aspects. One goal of the new study was to see if a smaller sample would suffice. Another goal was to simplify the role of the data collectors by making more use of existing data sources. To that end study coordinators were not asked to verify DOIS data. They were required only to provide the DOIS outputs for their units. Similarly, collection mail volumes were not measured in feet and inches but provided in containers. Parcel and Accountable mail counts, on the other hand, were still required, in order to be consistent with the CCSTS definition of these items.

9. Please describe any differences in the mail volume data collection methods used in 2002 and 2004. For example, were mail volume data for the 2004 survey collected by carriers and their supervisors, or were volume data obtained from the Delivery Operations Information System (DOIS)?

Response:

Please refer to my response to item 8 of this POIR. and USPS-LR-L-179. Parcel, SPR. and Accountable volumes were recorded in 2004 as in 2002. Collected mail volumes were recorded by the carriers using container measures rather than converted at the local level to feet and inches. DOIS reports were used to provide the other mail volume data. DOIS mail counts that were inputs into CCSTS were not verified as they had been in 2002.

United States Postal Service

Rachel Tang (USPS-T-35)

RESPONSE OF POSTAL SERVICE WITNESS TANG TO POIR NO. 9, QUESTION 2

- 2. The following questions refer to Notice of United States Postal Service of Filing of Errata to Library Reference L-126 [Errata], July 13, 2006.
 - a. Please refer to the following statement on page 3: 'In worksheet 'Pound Data-Ed', the formula in cell C8 has been updated to '=Round ((1-0.75)*0.232, 3)', letting 0.232 replace the original 0.203." Please confirm that cell C8 should be cell C22. If you do not confirm, please explain fully.
 - b. Please refer to the following statement on page 5: "As a result, the corresponding postage in cell D23 has been changed from 87,762 to 92,655; cell D24 has been changed from 80,682,878 to 80,687,773; and cell 026 from 82,245,878 to 82,250,773." Please confirm that the corrected revenue appearing in cell D26 is 82,354,143. Please explain the discrepancy fully.
 - c. Please refer to the following statement on page 6: "Accordingly, the following passthroughs in worksheet 'Piece Discount[s] 2' have been slightly adjusted to maintain the proposed rates: the passthrough on Basic Automation Letters (cell D6) has been adjusted from 20 percent to 20.2 percent; the passthrough on Carrier Route High Density (cell D16) has been adjusted from 62 percent to 65 percent; and the passthrough on Carrier Rout[e] Saturation (cell D17) has been adjusted from 63 percent to 64 percent." Please confirm that cell D16 should be cell D15. If you do not confirm, please explain fully.
 - d. Please refer to the following statements on pages 2, 3, and 5: "However, in worksheet 'Piece Discounts', cell C3. 'required revenue', the total fees used as an input in the formula has been held at the original 18,072,000, in order to maintain the proposed rates." (Page 2.) "The original ride-along revenue is used as an input in the formula to derive 'required revenue' (cell C3) in worksheet 'Piece Discounts,' in order to maintain the proposed rates." (Page 3.) "These updated costs are included only in the final financial summary to show the adjusted cost coverages for both Outside County and Within County. They are not included in the rate design inputs, so that the proposed rates are maintained." (Page 5.)

Please explain fully your rationale for using unrevised data in order to maintain the originally proposed rates.

RESPONSE:

- (a-b) Confirmed.
- (c) Confirmed. Also, cell D17 should be cell D16.

RESPONSE **OF** POSTAL SERVICE WITNESS **TANG**TO POIR NO. 9, QUESTION **2**

(d) Since the Postal Service does not intend to change its Request by modifying any particular prices at this stage of the proceeding, it was determined that my workpapers should display the prices as proposed in order to avoid a mismatch. The proposed prices can be maintained in most instances by slight adjustments in other inputs, such as passthroughs, as described in part c. However, in some instances, revised data, if input directly into my workpapers, would generate alternative prices. Such is the case in this instance. Since those alternative prices were not the ones used for the volume forecast and subsequent revenue calculations, the decision was made to limit the possible confusion by keeping the prices in my workpapers consistent with those that were proposed and were used throughout the rest of the Request. I do not disavow the revised figures, and fully expect that they will be used as the rate case process moves forward.

United States Postal Service

Altaf H. Taufique (USPS-T-32)

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE TO PRESIDING OFFICERS INFORMATION REQUEST NO. 14

- 2. In the response to Presiding Officer's Information Request No. 7, Question 1, witness Taufique explains that he assumes that mailers of business parcels weighing less than one ounce will pay the nonmachinable parcel surcharge. The response goes on to state that, "[m]ailers of pieces weighing between 1 and 2 ounces would likely prepare a heavier weight piece than pay the nonmachinable surcharge."
 - Please describe and identify the location of the additional ounce revenue adjustment that accounts for this change in mailer behavior.
 - b. If no adjustment is made, please explain the rationale for assuming that parcels weighing between 1 and 2 ounces will pay neither the nonrnachinable surcharge nor the additional ounce revenue that would be consistent with an increase in weight to avoid the surcharge.

RESPONSE

a-b. I used the base year assumptions regarding additional ounces and made no adjustments. Senders of mail pieces between 1 and 2 ounces *would* try to avoid the additional ounce postage and the nonmachinable surcharge to the extent practicable. Since the proposed additional ounce rate is 20 cents and the proposed nonmachinable surcharge is only 5 cents, there would be an incentive to keep the pieces at exactly 2 ounces or lighter than 2 ounces rather than exceed 2 ounces. There are no data to make an adjustment for changes in behavior to avoid either the nonmachinable surcharge or the additional ounce postage

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE TO PRESIDING OFFICERS INFORMATION REQUEST NO. 14

3. Please refer to the response to Presiding Officer's Information Request No. 7, Question 2.c. Does the use of presort parcel costs to estimate the additional cost (above letter costs) imply that parcels in the proposed Business Parcel categories will have costs similar to presort parcels, regardless of the category from which they migrate? If not, please explain the rationale for utilizing presort parcel costs to estimate the additional ,cost (above letter costs) of these pieces.

RESPONSE

I am not certain that I understand what is meant by the phrase 'regardless of the category from which they migrate." When Ihey shift to presort parcels. the pieces will have options regarding their presort level, but there are no subcategories within the single-piece parcel category. In developing the rate differentials between letters and parcels. I used the mail processing and delivery costs as a starting point and used a low passthrough (15%). This approach was intended to mitigate the impact on parcel mailers, while establishing a price signal regarding shape costs and setting the stage for the classification of and measurement of the costs of parcels. Because there are so few Presort parcels. it is difficult to gauge what the presort profile of the 150 million parcels that I predict will shifl from single-piece to presort will be. Because the ability to presort depends partly or largely on density, I cannot predict what the geographic density of the shifting parcels will be, and hence; what their presont level will be once they have shifted to presort. So, I used the profile of auto flats as a proxy. However, I have no reason to believe that the costs of the pieces shifting from single-piece will remain as they were in single-piece. In the absence of additional information, it is usually deemed reasonable to assume that the pieces entering a mail

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE TO PRESIDING OFFICERS INFORMATION REQUEST NO. 14

RESPONSE to Question 3 (continued):

classification will have cost characteristics similar to the pieces already in existence in that classification, so that is what I have done. Admittedly. as witness Smith acknowledged (Tr. 14/4266). there is some doubt about the reliability of the cost estimate for presort parcels. However, I would note that the number of pieces that I am predicting will shift from single-piece to presort parcels is a fairly small number and the potential financial impact of those shifted pieces is relatively small in comparison to the total of Presort.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 14

- 4. During oral cross-examination. witness Taufique stated that the Postal Service still anticipates that single-piece parcels will migrate to the proposed Business Parcel categories, despite the revision to USPS-LR-L-129 (revised August 24.2006). Tr. 1614993, 5042-43.
 - a. Please confirm that as a result of this revision, the TYAR unit contribution of single-piece increases from \$0.235 to \$0.242 and the TYAR unit contribution of workshared decreases from \$0.234 to \$0.230. If not confirmed, please provide the amounts and sources of the correct figures.
 - b. Please explain why the Postal Service elected to undo the revenue adjustment associated with this migration, as opposed to developing and presenting a corresponding cost adjustment.
 - c. If the answer to b. is that it is not feasible to develop an appropriate cost adjustment, please explain why it is not feasible.
 - d. If it is feasible, please develop and present an appropriate cost adjustment (e.g., a final adjustment). showing all calculations and identifying all data sources.

RESPONSE

- a. Confirmed. Please note that the change in the TYAR unit contribution is not caused solely by the reversion of the First-class Mail business/presort parcel volume to single-piece and nonautomation presort. Other factors that minimally affect these revised figures are the additional revenue associated with nonmachinable letter-shaped pieces paying flat prices, and a small revision in fee revenues
- The decision to make the revenue adjustment rather than the cost adjustment was based on the following reasons
 - As stated by witness Smith (Tr. 14/4266), the mail processing cost numbers for First-class Mail presort parcels were anomalously high, so it would be difficult to make a cost adjustment.
 - Even if reliable costs were available for the basic shape difference.
 it would be difficult to gauge the presort profile of the 150 million

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE TO PRESIDING OFFICERS INFORMATION REQUEST NO. 14

RESPONSE to Question 4 (continued):

parcels that might shift from single-piece to presort. In any event. the purpose of the adjustment was lo put the revenue and costs on an equal footing. Given the limited availability of extensive cost data on parcels, the more prudent course was to undo the revenue assumption. Using this assumption to estimate the cost impact. once again, would not provide a reliable estimate.

As a shape category. parcels are a small portion of First-Class Mail stream both for single-piece and presort categories. The Postal Service has proposed the shape based classification to recognize the role of shape in cost causation but also wants to provide an alternative for parcel mailers who can prepare automation compatible parcels and presort them to finer levels. The lack of detailed cost data did not warrant forgoing this addition of price incentives for presorting parcels. The simplifying assumption that was ultimately followed (putting the revenue and cost on an equal footing) has little impact on the overall First-Class Mail financial analysis.

c. & d. Please see my response to subpart b. above.

United States Postal Service

Altaf H. Taufique (USPS-T-48)

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORY OF DOUGLAS CARLSON REDIRECTED FROM WITNESS TAUFIQUE

DFC/USPS-T48-22. Please provide all documents produced by the Postal Service since January 1, 2003, that describe potential problems associated with a "Forever Stamp" for the U.S. Postal Service.

RESPONSE

The Forever Stamp proposal in this docket arose from the Postal Service's Docket No. R2005-1 agreement to explore the concept and the February 2006 determination by the Governors that a Forever Stamp proposal be included in the Docket No. R2006-1 request. Between January 2003 and the conclusion of the litigation of Docket No. R2005-1, there was no organized or formal postal examination of the concept that can be documented and, thus, no postal list of "problems" associated with it. Between the conclusion of Docket No. R2005-1 and the filing of Docket No. R2006-1, virtually all of the postal resources devoted to the concept were focused on the development and execution of the market research reflected in USPS LR L-152. In conjunction with that effort, while the proposed Forever Stamp concept was being formulated, the attached "issues" paper was generated.

Since February 2006. personnel from various headquarters departments have been brought together to explore issues related to implementing the Forever Stamp concept now reflected in USPS-T-48. These efforts are expected to generate pre-decisional and privileged communications among responsible personnel at headquarters.

Forever Stamp issues for Consideration

This paper discusses the concept of a forever stamp that would be valid payment for first ounce First-class Mail postage. regardless of the current rate. By definition, all stamps issued by the Postal Service are nonexpiring in nature and can be used for postage based on the face value of the stamp. A forever stamp would be non-denominational would remain valid postage **for** the first ounce of a First-class Mail single-piece letter forever.

One obvious reason for such a stamp to be issued is convenience to the customers at the time of a rate change. Questions that need to be answered are:

- Do customers find rate changes inconvenient?
- Would a forever stamp add to convenience or confusion?
- Is there a demand for this product?
- Are we trying to till another void with this product?
- Would this stamp make the use of single-piece First-class Mail easier?
- Would this stamp make First-class Mail correspondence more attractive to individual mailers? Will a forever stamp reduce the likelihood that customers will choose nonmail alternatives.
- Would a forever stamp increase Postal Service goodwill with consumers?

Defining the goals clearly would allow for a better focus for the ensuing study.

There are a number of operational and financial issue? related to the issuance of such a product. The remainder of this paper discusses the product description and other technical issues related to this concept. This is a work in progress and the list of issues and areas of study is expected to grow before an agreed upon statement of work is prepared.

1. Product Description

A. Design:

Since the stamp is nan-denominational and does not have a face value, it has to be recognizable as a forever stamp. From the perspective of both the users of the stamps and Postal Service, this particular stamp has to be recognizable at first glance. Whether it needs to have the word 'forever' written on it or some other commemorative design that makes it distinguishable needs to be studied.

Would the design remain unchanged?

- How would customers know the value of the stamp? What methods can be used to inform customers of the availability and characteristics of forever stamps?
- How can customer confusion (about the stamp) be minimized?
- Particularly if a premium is charged, how do we fully inform customers of their options (do we need something analogous to cautionary wording on the tlat rate box)?
- What is the effect of concurrently-operatingforever (nondenominated) stamp program, definitive (denominated) stamp, and commemorative (denominated) stamp programs? Will the forever stamp be an additional design option or will it replace other design options (definitive or commemoratives)?

B. Rate or price (e.g., premium vs. prevailing rate)

The options are to sell this stamp at the existing First-class Mail postage price or at an X cent premium. Initial qualitative market research (based on 2 cent premium over the existing First-class Mail postage) suggests demand may exist and indicated that some demand on the part of customers (household and small business) may be for reasons other than convenience. For example, reasons provided had more to do with hedging against inflation and return on investments if the stamps were held for a long enough time period.

Market research results conflict with other, anecdotal observations. E.g. Customers were extremely reluctant to purchase self-adhesive stamps at a small premium. However, the product was extremely attractive with no premium. Conversely, breast cancer semi-postal stamps were popular; however, premium was widely known to go to cancer research. NOT the Postal Service. In addition, customers are often reluctant to purchase new rate postage even in anticipation of a known rate increase. Issues to be studied should include:

- Are customers willing to pay a premium?
- How much of premium are they willing to pay?
- If a premium is charged, how should it be structured? Always X cents greater than First-class Mail, first ounce rate? Always X percent greater than First-class Mail, first ounce rate? Should the premium change as postage rates increase over time? If the premium changes. will confusion increase?
- Since this is analogous to an option, are there any financial models that can be used to analyze the value of premium?

What model could be used to evaluate the financial effect of no premium?

C. Restrictions on use:

As discussed to date, the forever stamp would only be used in single-piece mailings of First-class Mail letters, flat or parcel shaped pieces weighing one ounce or less. The stamps will not be eligible for any bulk mailings or any other classes of mail.

- Could the Forever Stamp be used for the first-ounce of a First-class Mail piece weighing more than one ounce?
- Do we need to proscribe use of the forever stamp on bulk mailings or any other classes of mail?
- Could forever stamps be used on international mail? Are there UPU or other restrictions on the use of nondenominated stamps on international mail?
- **Do** we need additional restrictions?

D. Availability

The availability of the forever stamp will depend, in part, on how we view the purpose of the stamp. For example, if it is seen as a "bridge" during a rate change, perhaps these stamps would be made available for sale only a few weeks before an impending rate change.

- Should forever stamps be available regularly at retail counters across the country?
- Should availability be limited to a defined period prior to a rate change?
- Should there be a limit on the quantities purchased?
- Should the forever stamp format be limited (e.g., available only in sheets, booklets. coils)? Does the format offered affect use by bulk mailers or retention?
- Should they be available to all buyers or should the sale be restricted to individuals?
- Should they be available through Stamps-by-Mail order or Stamps-Online purchasers?
- Should forever stamps be available in consignment locations? Should forever stamps be made available to other commercial resellers (e.g.,

Attachment to response to DFC/USPS-T48-22

card store, small merchants) not in the consignment program for resale to their customers?

• Should they be available in all post office-based, consumer sales channels (e.g., window, vending, APCs)?

II. Technical Issues

Consumer issues/demand:

As was stated earlier in the discussion of premium, preliminary market research suggests some demand for the product even at a premium price; but some anecdotal observations would suggest that customers are reluctant to pay premium for postal product whose acceptance rate is fairly high once the product is sold without a premium. Self-adhesive stamps are an example of this phenomenon. On the other hand, breast cancer semi-postal stamps were popular when it was known that the premium was to go to cancer research and NOT the Postal Service.

Benefits to the individual single-piece customers will need to be balanced by the concerns of other parties, including businesses that sell nonstamp indicias (meter imprints or online postage), or those paying postage using a permit indicia, and those using USPS nonstamp indicia products (APCs) that permit mailing of light weight pieces. Presort bureaus may have concerns as well. Both these issues may become a greater concern, especially if no premium is charged for forever stamps.

- What are the concerns of customers and postage suppliers who use nonstamp indicia?
- How can these concerns be addressed?
- What is the effect of the decision to charge a premium on these concerns?
- Are there demographic concerns that need to be addressed (e.g., minimum number offered to maintain affordability for low-income customers)?
- Will offering a forever stamp raise confusion about the value of previously-issued, nondenominated, fixed value stamps (e.g., "A" stamp etc.. and makeup stamps)?
- What are the characteristics of a cost-effective educational program for consumers?
- B. Financial effects (e.g., effect on total revenues, revenue requirement, contribution)

Financial benefits and **risks** to the Postal Service need to be analyzed in the light of following questions.

- How many stamps are in circulation outside of those retained for philatelic purposes? How would offering a forever stamp change this?
- How many stamps are actually misplaced and never used? How would offering a forever stamp change this?
- Would customers retain forever stamps for reasons other than those associated with stamp rate changes? For example, would this stamp be considered an investment tool to be left in safety deposit boxes for grandchildren?
- Will hoarding (for personal use) or arbitrage (purchase for resale following a rate change) occur and what are the potential financial effects?
- Is there any evidence that higher priced stamps are used prior to the implementation of new rates when higher denomination stamps are available at retail counters earlier?
- What number of forever stamps could be used in a future higher cost environment. What is the financial effect of this use?
- Should the stamp be sold only in a few weeks prior to the implementation of new rates?
- What additional costs are imposed by a forever stamp program (e.g., advertising, consumer education, training, stamp printing)?

C. Operations effects

In considering the forever stamp, the Postal Service will also need to consider operational issues related to retail, revenue assurance, data collection. and other operations.

- What issues exist with the retail sale of forever stamps? What clerk training will be needed?
- What is the effect on stamp destruction costs associated with a rate change?
- Are there revenue assurance issues? Consider retail sales training, postage due assessment and collection, return of spoiled stamp stock
- Will customers change their stamp buying behavior if a forever stamp is offered? Consider changes in behavior at the time of a rate change as

Attachment to response to DFC/USPS-T48-22

well as in general. Will any behavioral changes differ depending on when the rate change occurs (near holidays or April 15, middle of year, other).

RPW data collection issues: When a piece with a forever stamp is sampled, how much was paid for the forever stamp? Accounting reconciliation issues need to studied. What has been the experience of other postal administrations who offer a nonexpiring stamp product? Were the issues associated with the initial introduction of the product or are they ongoing? What customer education tools were used and how effective were they? Given the benefit of hindsight, would these postal administrations choose to offer a nonexpiring stamp again.

United States Postal Service

Thomas E. Thress (USPS-T-7)

RESPONSE OF POSTAL SERVICE WITNESS THRESS TO POIR NO. 9, QUESTION 1

- 1. Please refer to USPS-LR-L-63. file "Prices.xls", sheet 'Periodicals."
 - a. Please confirm that the proposed Regular rates for Periodicals in cells AY212 through AY230, cells AY234 through AY237, cells AY239 through AY240, cells AY256 through AY274, cells AY278 through AY281, cells AY283 through AY284, and cell AY298 are not the same as the proposed Periodicals Outside County rates listed in Rate Schedule 421, included in Attachment A, pages 33 and 75 of the Request and USPS-T-35 at page 13.
 - b. If your answer to a. is confirmed, please provide conforming, corrected rates for these documents and cells.

RESPONSE:

- a. Confirmed
- b. Please see the attached spreadsheet.

RESPONSE OF POSTAL SERVICE **WITNESS** THRESS TO POIR **NO.**9, QUESTION 1

Value in Pricesots, sheet Periodicals, column AY

| AGREM LINGS SECTION CONTRACT CHARLES WE | | |
|---|---------------------------|-------------------|
| ther LI 31 T & VA 212 DU DE 10 V / I 213 POUNDS NONADY, SCF 211 FOUNDS NONADY, ADC 215 FOUNDS NONADY, ADC 215 FOUNDS NONADY, ADC 215 FOUNDS DYTR II 10 OFF 1 F F C INDS DYTR II 10 OFF 1 F F C INDS DYTR II 10 OFF 218 ADVERTISING 219 ADVERTISING 219 ADVERTISING 219 ADVERTISING 219 ADVERTISING TONE 3 221 POUNDS ADVERTISING ZONE 3 221 POUNDS ADVERTISING ZONE 5 223 POUNDS ADVERTISING ZONE 6 224 F OUNDS ADVERTISING ZONE 7 225 POUNDS ADVERTISING ZONE 8 226 SC OF AG POUNDS, DO DIS YOU , NONADY 227 SC OF C I OUN , SCF DISCOUNT NONADY | As Filed | Corrected |
| 212 DE 10 4 1, E | 10.181 | \$0.154 |
| 213 POUNDS NONADY, SCF | \$0.206 \$0.216 | \$ 0,193 |
| 21 FOUNDS NONADITADO | \$0.216 | \$0.210 |
| 215 POUNDS NON ID TELETI | \$0.230 | \$0.232 |
| 2 5 PC INDS IDN'ER IL IG OFF | \$0.180 | \$ 0.181 |
| 2 FFC INDS ID TIR II IG SCF | \$0.229 | \$ 0.230 |
| 218 ADVERTISING | \$0.250 | Sa 251 |
| 219 I ADVERTISING 1&2 | Fo.278 | |
| 228 POUNDS ADVERTISING ZONE 3 | \$0,300 | \$0.301 |
| 221 POUNDS ADVERTISING ZONE 4 | \$0.357 | \$0.358 |
| 222 POUNDS ADVERTISING ZONE 5 | 50.443 | 444 |
| 223 POUNDS ADVERTISING ZONE 6 | so.534 | \$ 0.535 |
| 224 FOUNDS ADVERTISING ZONE 7 | \$0.643 | \$0.644 |
| 225 POUNDS ADVERTISING ZONE 8 | 50.737 | sans |
| 226 SC OF AG POUNDS, DO DISCOU, NONADV | 50.137 | \$0.115 |
| 227 SC OF GIGUN I, SCF DISCOUNT NONADY | \$0.155 | \$0.144 |
| 228 SC OF IC LOUN I, ADC DISCOUNT, NONAD | \$0.163 | \$U.15/ |
| 229 SC OF 1G, FOUNDS, TO ONI 182, NO | \$0.173 | \$0.174 |
| 225 POUNDS ADVERTISING ZONE 8 226 SC OF AG POUNDS, DO DIS YOU , NONADY 227 SC OF C I DUN I, SCF DISCOUNT NONADY 228 SC OF IC I DUN I, ADX DISCOUNT NONADY 229 SC OF IG FOUNDS, TO ONI 182, NC 230 SC OF IG POUNDS, DO 18C NT, AE | 10.135 | \$0,136 |
| 234 PIECES REQUIRED PRESO | 50.416 | |
| 235 PIECES 3-DIGIT PRESORT | \$0 361 | |
| 236 PIECES 5-DIGIT PRESORT | \$0.280 | \$ 0 283 |
| 234 PIECES, REQUIRED PRESO 235 PIECES, 3-DIGIT PRESORT 236 PIECES, CARRIER ROUTE PRESORT 237 PIECES, CARRIER ROUTE PRESORT | \$0.188 | SO 186 |
| 239 PIECES SCF DISCOUNT 240 PIECES AOC DISCOUNT | AREA COOK | (\$ 0.011) |
| 239 PIECES SCF DISCOUNT 240 PIECES AOC DISCOUNT | (\$0.008) (\$0.002) | (\$0.003) |
| | (80.002) | /#0 00 s) |
| 256 POUNDS NONADY, DDU, COMMINGLED 257 POUNDS NONADY, SCF, COMMINGLED 258 POUNDS NONADY, ADC. COMMINGLED | \$0,181 | \$0.154 |
| 257 POUNDS NONADY, SCF, COMMINGLED | 100 20G | \$ 0.193 |
| 258 POUNDSNONADY, ADC, COMMINGLED | \$0.216 | SO 110 |
| | SU.23 U | |
| 260 POUNDS ADV, DE. OFFICE COMMINGLED | \$ 0.180 | \$ 0.181 |
| 261 POUNDS ADV SCF, COMMINGLED | \$0.229 \$0.250 | \$0 230 |
| 262 POUNDS ADV ADC, COMMINGLED | | |
| 263 POUNOS ADV COMMINGLED ZONES 182 COMMIN | \$0.278 | sans |
| 284 POUNDS ADV ZONE 3, COMMINGLED | \$0.300 | sa 301 |
| 265 POUNDS ADV ZONE 4 COMMINGLED | 50.357 | |
| 266 POUNDS ADV ZONE 5, COMMINGLED | | \$0 444 |
| 267 POUNDS ADV ZONE 6, COMMINGLED | \$0.534 | \$0 53 5 |
| 268 POUNDS ADV ZON7, COMMINGLED | \$0.643 \$0.737 | \$0.644 |
| 269 POUNDS ADV ZONE B, COMMINGLED | | |
| 270 SCOF AG POUNDS, DO DISCOUNT, NONADV, COM | \$0.137 | \$0.115 |
| 271 SCOF AG POUNDS, SCF DISCOUNT, NONADV, COI | \$0.155 | \$0.144 |
| 27.2 SC OF AG POUNDS, ADC DISCOUNT, NONADY, CO | \$0.163 | \$0.157 |
| 273 SCOF AG, POUNDS TO ZONES 182, NONADY, COM | \$0.173 | \$0 174 |
| 274 BC OF AG POUNDS, DO DISCOUNT, ADV, COMM | \$ 0,135 | \$0,136 |
| 278 PIECES, REQUIRED PRESORT, COMMINGLED | 10.418 | \$0.437 |
| 278 PIECES, 3-DIGIT PRESORT, COMMINGLED | 10.361 | \$0.364 |
| 280 PIECES, 5-DIGIT PRESORT, COMMINGLED | \$0.280 | Sn283 |
| 281 PIECES. CARRIER ROUTE PS, COMMINGLED | \$0.188 | SO 186 |
| 283 PIECES SCF DISCOUNT, COMMINGLED | (\$0.008) | (\$0.011) |
| 284 PIECES ADC DISCOUNT, COMMINGLED | (\$0.002) | (\$0.003) |
| 703 LIEGER (IN A RIGARAMATI COMMUNICIED | (| ,, |
| 298 COMAHERFEE | \$0.800 | \$0.8 50 |

United States Postal Service

Nina Yeh (USPS-T-38)

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YEH TO INTERROGATORY OF POSTAL COMMERCE

POSTCOM/USPS-T38-7.

During cross-examination, you stated you would need to 'double check with my spreadsheets formula" to correctly answer whether you applied the two-to-one ratio to non-presorted pieces to presort unit non-transportation costs in the development of your rate proposal for Media Services. (See USPS-T-38 at 8, 16; Yeh Tr. at 2041:6-7).

- a. Please confirm that you applied this ratio in the development of your rate proposal for Media Services.
- b. If you do not confirm, please provide any workpapers or other documents showing how the two-to-one ratio was applied to either or both Bound Printed Matter and/or Media Services.
- Please explain why this ratio was not applied to the development of Media Services rates but was applied in the development of Bound Printed Matter rates.

Response:

- a. Not confirmed
- b. Please see cells [Ha] and [Ja] in WP-EPM-IO of the Bound Printed Matter spreadsheets in Library Reference USPS-LR-L-41.
- c. The two-to-one ratio was applied to the development of Bound Printed Matter rates to recognize a difference in non-weight-related non-transportation costs for Nonpresort BPM and Presort BPM. Estimates of non-weight-related non-transportation costs for Nonpresort BPM are not available due to its relatively small volume. Estimates for non-weight-related non-transportation costs for Single Piece Media Mail are available, hence it was not necessary to apply the two-to-one ratio to the development of Media Mail rates



RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YEH TO INTERROGATORY OF POSTAL COMMERCE

POSTCOM/USPS-T38-8.

In your response to POSTCOM/USPS-T38-3(b), you stated that you did not have data available that showed separately the average weight of Bound Printed Matter parcels and flats and the average density of Bound Printed Matter parcels and flats. During cross-examination, you reiterated that this data was not available to you and that you did not know "if the Postal Service has them somewhere." (Yeh Tr. at 2049:15-16). You were then asked if you could identify the witness who has this data. Please provide the name of the witness who has this data, if available.

RESPONSE:

After inspection of RPW by shape data, I have calculated the average weight of Bound Printed Matter parcels and flats. The average weight of BPM parcels is 3.14 pounds and the average weight of BPM flats is 1.39 pounds. It is my understanding that the average density of Bound Printed Matter parcels and flats is not available and no witness has this data.

United States Postal Service Institutional

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-141. This Interrogatory relates to the \$1 credit charge that is made to validate a Change of Address Order.

- Please advise how the credit card charge is processed. [a]
- What information or data is provided by the Postal Service to the credit card [b] company?
- What information or data is provided by the credit card company to the Postal Service as a result of the processing of the charge?
- What use is made of the information that is provided by the credit card company to the Postal Service?
- Must the name on the credit card match the name on the Change of Address Order?
- If the name does not match, what action is taken by the Postal Service? [f]
- Must the billing address on the credit card match the old address on the Change [g] Must the bill of Address Order?
- If the billing address does not match the old address, what action is taken by the [h] If the billing Postal Service?
- Must the billing address on the credit card match the new address on the Change of Address Order'?
- If the billing address does not match the new address, what action is taken by the -Postal Service?
- Why was the \$1 amount chosen for the credit card validation? [k]
- Could it have been more?
- Could it have been less? [m]
- If a customer purchases a single one-cent postage stamp at a retail service [n] window, may helshe use a credit or debit card to pay for the purchase?
- If not, why not? [0]

RESPONSE:

- The charge is processed by a credit card processing company. (a)
- The information about the card entered by the purchaser (number, billing (b) address, etc.).
- Whether the information entered by the purchaser about the card matches the (c) information in the credit card company's database.
- If the card is authorized, the Postal Service will complete the transaction. (d)
- No. (e)
- If the card is not authorized, the Postal Service will not complete the (f) transaction.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORY OF DAVID B. POPKIN

- (g) The billing address on the credit card must match either the old or new address.
- (h) The Postal Service will not complete the transaction.
- (i) See the response to subpart (g).
- (j) See the response to subpart (h).
- (k) When the Change of Address service was set up, one dollar was the lowest minimum charge common to all credit cards for identity validation.
- (I) Yes.
- (m) No.
- (n) Yes.
- (o) Not applicable.

RESPONSE **OF** THE UNITED STATES POSTAL SERVICE TO INTERROGATORY **OF** DAVID B. POPKIN

Revised September 15, 2006

DBPIUSPS-151.

[a] Please provide me a listing of the percentage of the retail service windows that are open on Saturday countrywide as well as a separate listing broken out by District. [b] Please provide me a listing of the percentage of the post office box lobbies that are open on Saturday countrywide as well as a separate listing broken out by District. [c] Please provide the criteria that are considered for the establishment of Saturday post office lobby hours at a particular facility.

[d] Please provide the criteria that are considered for the establishment of Saturday retail window service hours at a particular facility.

RESPONSE:

- (a)-(b) The Postal Service is unable to provide a listing of the percentage of the retail service windows and post office box lobbies that are open on Saturday countrywide, because this information is not available. Objections have been tiled regarding providing this information by District.
- (c) As a minimum, customers must have access to the Post Office boxes during all retail service counter hours. Normally, separate **Post Office** box lobbies should remain open when someone is on duty in the postal unit. At the postmaster's discretion, when no one is on duty, lobbies may remain open to allow customers access to Post Office boxes and self-service equipment, provided that customer safety, security provisions, and police protection are deemed adequate by the Inspection Service.
- (d) Window service is provided on Saturdays if there is a demonstrated need.

RESPONSE OF THE UNITED STATES POSTAL SERVICE **TO**INTERROGATORY OF DAVID **B.** POPKIN

DBP/USPS-257 Please reconcile the apparent difference between the response to Interrogatory GCA/USPS-T42-6 which states that the new postmark includes the "Time in hours, minutes (HH:MM) using military time or PM designation" and the response to Interrogatory DBP/USPS-106 subpart a which states that "The time is shown as AM or PM" and subpart b which states, in effect, that specific numerical times are not shown.

Response:

The cancellation mark produced by the inkjet canceller, as deployed, only shows AM or PM, not the actual numeric time. When the production requirements for the inkjet canceller were ultimately finalized, it was decided to only print AM or PM similar to the old cancellation die.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORY OF DAVID POPKIN

DBP/USPS-267 Please furnish a copy of the Office **of** the Inspector General's Report IS-OR- 06-005 that relates to National Change of Address - Emergency Preparedness and Report IS-MA- 06-003 that relates to Security Vulnerability Assessment and Audit of Automated Postal Center Systems. If it is filed as a Library Reference, please furnish me with a hard copy.

RESPONSE:

The report on National Change of Address – Emergency Preparedness (listed as IS-AR-06-005) can be found USPS Office of the Inspector General website, www.uspsoig.gov, under "Audit Reports" (click on "View All Reports"). An objection has been filed regarding the release of Report Number IS-AR-06-003, Security Vulnerability Assessment And Audit Of Automated Postal Center Systems.

RESPONSE OF THE UNITED STATES POSTAL SEVRICE TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-268. Please furnish the most recent First-class Mail EXFC results for a minimum of four quarterly reports. The **left** side of the charts should show the Nation followed by each of the 80-some EXFC reporting areas and along the top of the chart showing Percent on Time / Margin of Error / Average Days to Deliver / Margin of Error for the following four categories: Overnight Mail / Two-Day Mail / Three-Day Mail / Nation. Please show all entries to **two** decimal places

RESPONSE:

Please see the attached pages.

ZIP Codes by Performance Cluster

| Performance Cluster | 3-Digit ZIP | Codes | | | | | | | | | | |
|------------------------|-------------|-------|-----|-----|-----|-----|-----|------|-----|-----|-----|-----|
| Baltimore | 210 | 211 | 212 | 214 | 217 | 219 | | | | | | |
| Capital | 200 | 206 | 207 | 208 | 209 | | | | | | | |
| Greater South Carolina | 290 | 291 | 292 | 293 | 294 | 295 | 296 | | | | | |
| Greensboro | 270 | 271 | 272 | 273 | 274 | 275 | 276 | 277 | 278 | 286 | | |
| Mid-Carolinas | 280 | 281 | 282 | 283 | 288 | 297 | | | | | | |
| Northern Virginia | 201 | 220 | 221 | 222 | 223 | | | | | | | |
| Richmond | 224 | 225 | 230 | 231 | 232 | 233 | 234 | 235 | 238 | | | |
| Appalachian | 240 | 250 | 251 | 252 | 253 | 263 | 264 | 265 | | | | |
| Central Pennsylvania | 170 | 171 | 172 | 176 | 178 | 185 | 187 | 196 | | | | |
| Cincinnati | 410 | 436 | 450 | 451 | 452 | 454 | 458 | 470 | | | | |
| Columbus | 430 | 431 | 432 | 433 | | | -50 | | | | | |
| Erie | 159 | 161 | 164 | 165 | 166 | | | | | | | |
| Kentuckiana | 4cm | 401 | 402 | 405 | 406 | 471 | 417 | | | | | |
| Northern Ohio | 440 | 441 | 442 | 443 | 445 | 447 | 449 | | | | | |
| Philadelphia Metro | 180 | 189 | 190 | 191 | 193 | 194 | 117 | | | | | |
| Pittsburgh | 150 | 151 | 152 | 153 | 154 | 156 | | | | | | |
| South Jersey | 080 | 081 | 082 | 083 | 084 | | 198 | | | | | |
| Central Illinois | | | | | | 197 | 198 | | | | | |
| | 604 | 605 | 616 | 617 | 618 | 627 | | | | | | |
| Chicago | 606 | 607 | 400 | | | | | | | | | |
| Detroit | 481 | 482 | 492 | | | | | | | | | |
| Gateway | 620 | 622 | 630 | 631 | 633 | 652 | | | | | | |
| Greater Indiana | 460 | 461 | 462 | 463 | 464 | 466 | 468 | 469 | 473 | 478 | 479 | |
| Greater Michigan | 486 | 488 | 489 | 490 | 493 | 494 | 495 | | | | | |
| Lakeland | 530 | 531 | 532 | 535 | 537 | 543 | 544 | 549 | | | | |
| Northern Illinois | 600 | 601 | 602 | 603 | 611 | | | | | | | |
| Southeast Michigan | 480 | 483 | 464 | 485 | | | | | | | | |
| Caribbean | 009 | | | | | | | | | | | |
| Central New Jersey | 077 | 085 | 086 | 880 | 089 | | | | | | | |
| Long Island | 115 | 117 | 118 | 119 | | | | | | | | |
| New York | 100 | 104 | | | | | | | | | | |
| Northern New Jersey | 070 | 071 | 072 | 073 | 074 | 075 | 076 | 078 | 079 | | | |
| Triboro | 110 | 112 | 113 | 114 | 116 | | | | | | | |
| Westchester | 105 | 106 | 107 | 108 | 109 | 125 | | | | | | |
| Albany | 120 | 121 | 122 | 123 | 128 | 130 | 131 | 132 | 135 | 139 | | |
| Boston | 021 | 024 | | | | | | | | | | |
| Connecticut | 060 | 061 | 062 | 064 | 069 | | | | | | | |
| Maine | 040 | 041 | 043 | 044 | 045 | 048 | | | | | | |
| Massachusetts | 010 | 011 | 012 | 013 | 015 | 016 | 017 | 016 | 019 | | | |
| New Hampshire/Vermont | 030 | 031 | 032 | 033 | 034 | 038 | 050 | 054 | | | | |
| Southeast New England | 020 | 023 | 027 | 028 | 029 | | | | | | | |
| Western New York | 140 | 141 | 142 | 143 | 144 | 145 | 146 | | | | | |
| Bay-Valley | 939 | 945 | 946 | 947 | 948 | 950 | 951 | | | | | |
| Honolulu | 967 | 968 | | | | | | | | | | |
| Los Angeles | 900 | 902 | 903 | 904 | | | | | | | | |
| Sacramento | 937 | 952 | 9% | 957 | 956 | | | | | | | |
| San Diego | 919 | 920 | 921 | 924 | | | | | | | | |
| San Francisco | 940 | 941 | 943 | 944 | 949 | | | | | | | |
| Santa Ana | 905 | 906 | 907 | 908 | 917 | 918 | 925 | 927 | 928 | | | |
| Van Nuys | 911 | 913 | 914 | 915 | 916 | 930 | 931 | 933 | 720 | | | |
| Alabama | 350 | 351 | 352 | 358 | 361 | 366 | | ,,,, | | | | |
| Atlania | 300 | 301 | 302 | 303 | | 550 | | | | | | |
| Central Florida | 327 | 328 | 329 | 334 | | | | | | | | |
| Mississippi | 386 | 390 | 391 | 392 | 395 | | | | | | | |
| North Florida | 320 | 321 | 322 | 323 | 325 | 326 | | | | | | |
| South Florida | 330 | 331 | 332 | 333 | 323 | 320 | | | | | | |
| South Georgia | 309 | 310 | 312 | 314 | 319 | | | | | | | |
| Suncoast | 335 | 336 | 337 | 338 | 339 | 341 | 342 | 346 | | | | |
| Tennessee | 370 | 371 | 372 | 374 | 379 | 360 | 381 | 340 | | | | |
| Albuquerque | 870 | 871 | 3/2 | 3/4 | 3/9 | 360 | 301 | | | | | |
| Arkansas | | | 700 | | | | | | | | | |
| | 720 | 721 | 722 | 723 | 727 | | | | | | | |
| Dallas Earl Work | 750 | 751 | 752 | 754 | 757 | 704 | | | | | | |
| Fort Wonh | 760 | 761 | 762 | 764 | 791 | 794 | | | | | | |
| Houston | 770 | 772 | 773 | 774 | | | | | | | | |
| Louisiana | 700 | 701 | 705 | 708 | 711 | | | | | | | |
| Oklahoma | 730 | 731 | 740 | 741 | 743 | | | | | _ | | |
| Rio Grande | 765 | 767 | 780 | 781 | 762 | 784 | 766 | 787 | 788 | 789 | 797 | 799 |
| Alaska | 995 | 996 | | | | | | | | | | |
| Arizona | 850 | 852 | 853 | 855 | 656 | 857 | | | | | | |
| Big Sky | 590 | 591 | 598 | | | | 4.4 | | | | | |
| Central Plains | 515 | 516 | 666 | 670 | 671 | 672 | 680 | 681 | 685 | | | |
| | | | | | | | | | | | | |

Response to DBP/USPS-268 (continued)

ZIP Codes by Performance Cluster

| Performance Cluster | 3-Digit ZIP | Codes | | | | | | | |
|---------------------|-------------|-------|-----|-----|-----|-----|-----|-----|-----|
| Colorado/Wyoming | 800 | 801 | 802 | 803 | 809 | 820 | | | |
| Dakotas | 570 | 571 | 573 | 581 | | | | | |
| Hawkeye | 500 | 501 | 502 | 503 | 507 | 511 | 520 | 524 | 612 |
| Mia-America | 640 | 641 | 658 | 661 | 662 | | | | |
| Nevada-Sierra | 890 | 891 | 895 | | | | | | |
| Northland | 540 | 546 | 550 | 551 | 553 | 554 | 559 | 563 | |
| Portland | 970 | 971 | 972 | 973 | 974 | 986 | | | |
| Salt Lake City | 840 | 841 | 844 | | | | | | |
| Seattle | 980 | 981 | 982 | 984 | 965 | | | | |
| Spokane | 835 | 837 | 638 | 990 | 991 | 992 | 994 | | |

Response to DBPIUSPS-268 (continued)

EXFC On-Time Service Performance by Performance Cluster, Quarter **3 FY** 2005

| | | | Destination —■—■ | - Destination | Destination+/- Range for |
|------------------|------------------------|----------------------------|------------------|---------------------------|-----------------------------|
| Service Standard | | Destination Percent | Range for | Average Delivery | Average Delivery |
| Area | Performance Cluster | On Time | PercenIbn Time | Days | Days |
| Overnight | Baltimore | 96.52 | 0.53 | 1.07 | 0.01 |
| Two-Day | Baltimore | 92.33 | 1.31 | 1.92 | 0.04 |
| Three-Day | Baltimore | 93.97 | 1.16 | 2.46 | 0.05 |
| Total Composite | Baltimore | 94.53 | 0.56 | 1.68 | 0.02 |
| | | | | | |
| Overnight | Capital | 96.11 | 0.59 | 1.08 | 0.02 |
| Two-Day | Capital | 91.31 | 1.35 | 1.93 | 0.04 |
| Three-Day | Capital | 93.39 | 1.21 | 2.42 | 0.05 |
| Total Composite | Capital | 93.94 | 0.58 | 1.70 | 0.02 |
| • | ' | | | | 0.02 |
| Overnight | Northern Virginia | 96.36 | 0.55 | 1.06 | 0.04 |
| Two-Day | Northern Virginia | 93.05 | 1.26 | 1.88 | 0.01 0.03 |
| Three-Day | Northem Virginia | 94.67 | 1.09 | 2.33 | 0.03 |
| Total Composite | Northern Virginia | 94.75 | 0.57 | 1.72 | 0.02 |
| | g | 0 0 | 0.07 | 1.72 | 0.02 |
| Overnight | Richmond | 97.16 | 0.48 | 4.05 | 0.04 |
| Two-Day | Richmond | 97.16 91.85 | 1.30 | 1.05 1.99 | 0.01 |
| Three-Day | Richmond | 92.18 | 1.29 | 2.46 | 0.04 0.04 |
| Total Composite | Richmond | 93.86 | 0.62 | 2. 4 6 1.79 | 0.04 |
| Total Composito | rtioriirioria | 33.00 | 0.02 | 1.79 | 0.02 |
| 2 Vernight | Appalachian | 95.99 | 0.58 | 1.08 | 0.02 |
| wo-Day | Appalachian | 88.38 | 1.55 | 2.06 | 0.05 |
| Three-Day | Appalachian | 82.64 | 1.82 | 3.08 | 0.05 |
| Total Composite | Appalachian | 89.04 | 0.84 | 2.05 | 0.02 |
| · | | | | | 4.4 - |
| Overnight | Cincinnati | 93.08 | 1.26 | 1.13 | 0.02 |
| Two-Day | Cincinnati | 89.93 | 1.46 | 2.04 | 0.04 |
| Three-Day | Cincinnati | 90.83 | 1.42 | 2.89 | 0.04 |
| Total Composite | Cincinnati | 91.45 | 0.8'2 | 1.90 | 0.02 |
| | | | | | |
| Overnight | Northern Ohio | 95.00 | 0.63 | 1.09 | 0.02 |
| Two-Day | Northern Ohio | 91.01 | 1.39 | 2.02 | 0.04 |
| Three-Day | Northern Ohio | 90.01 | 1.46 | 2.90 | 0.04 |
| Total Composite | Northern Ohio | 92.64 | 0.63 | 1.78 | 0.02 |
| | | | | | |
| Overnight | Greater South Carolina | 95.33 | 0.65 | 1.09 | 0.02 |
| Two-Day | Greater South Carolina | 90.29 | 1.38 | 2.01 | 0.04 |
| Three-Day | Greater South Carolina | 89.43 | 1.47 | 2.95 | 0.04 |
| Total Composite | Greater South Carolina | 92.42 | 0.64 | 1.88 | 0.02 |

EXFC On-Time Service Performance by Performance Cluster, Quarter 3 FY 2005

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster Columbus Columbus Columbus Columbus | Destination Percent On Time 95.50 92.85 91.57 93.62 | Deslination +/- Range for Percent On Time 0.60 1.24 1.34 0.60 | Destination Average Delivery Days 1.08 2.01 2.77 1.81 | Destination +/- Range for Average Delivery Days 0.02 0.03 0.04 0.02 |
|---|---|--|--|---|---|
| Overnight | Erie | 96.52 | 1, 04 | 1.07 | 0.03 |
| Two-Day | Erie | 92.06 | 1.31 | 2.00 | 0.03 |
| Three-Day | Erie | 89.67 | 1.47 | 2.93 | 0.04 |
| Total Composite | Erie | 92.97 | 0.76 | 1.90 | 0.02 |
| Overnight | Greensboro | 96.12 | 0.64 | 1.07 | 0.02 |
| Two-Day | Greensboro | 93.31 | 1.18 | 1.97 | 0.03 |
| Three-Day | Greensboro | 90.51 | 1.41 | 2.74 | 0.05 |
| Total Composite | Greensboro | 93.83 | 0.58 | 1.77 | 0.02 |
| Overnight | Central Pennsylvania | 96.01 | 0.61 | 1.07 | 0.01 |
| Two-Day | Central Pennsylvania | 91.43 | 1.35 | 2.03 | 0.04 |
| Three-Day | Central Pennsylvania | 88.27 | 1.55 | 3.02 | 0.04 |
| Total Composite | Central Pennsylvania | 92.31 | 0.68 | 1.93 | 0.02 |
| rnight | Kentuckiana | 95.05 | 0.95 | 1.09 | 0.03 |
| o-Day | Kenluckiana | 89.12 | 1.51 | 2.04 | 0.04 |
| Three-Dav | Kentuckiana | 91.29 | 1.35 | 2.91 | 0.04 |
| Total Composite | Kentuckiana | 91.71 | 0.77 | 2.01 | 0.02 |
| overnight | Mid-Carolinas | 94.40 | 0.68 | 1.10 | 0.02 |
| .Two-Day | Mid-Carolinas | 90.26 | 1.44 | 2.02 | 0.05 |
| Three-Day | Mid-Carolinas | 88.25 | 1.54 | 3.00 | 0.04 |
| Total Composite | Mid-Carolinas | 91.40 | 0.68 | 1.91 | 0.02 |
| Overnight | Philadelphia Metro | 95.05 | 0.66 | 1.10 | 0.02 |
| Two-Day | Philadelphia Metro | 93.07 | 1.23 | 1.97 | 0.03 |
| Three-Day | Philadelphia Metro | 90.74 | 1.41 | 2.91 | 0.04 |
| Total Composite | Philadelphia Metro | 93.37 | 0.60 | 1.82 | 0.02 |
| Overnight Two-Day Three-Day Total Composite | Pittsburgh Pittsburgh Pittsburgh Pittsburgh | 96.38 91.54 91.52 93.65 | 0.54 1.31 1.29 0.59 | 1.07 2.03 2.88 1.78 | |

Response to DBP/USPS-268 (continued)

EXFC On-Time Service Performance by Performance Cluster. Quarter 3 FY 2005

| | | | Destination+/- | Destination | Destination +/- Range for |
|----------------------|------------------------------|---------------------|-----------------|------------------|------------------------------|
| Service Standard | | Destination Percent | | Average Delivery | Average Deliverv |
| Area | Performance Cluster | On Time | Percent On Time | Days | Days |
| Overnight | South Jersey | 96.00 | 0.61 | 1.07 | 0.01 |
| Two-Day Three-Day | South Jersey South Jersey | 92.67 90.52 | 1.22 1.42 | 2.00 | 0.04 |
| Total Composite | South Jersey | 90.52 92.77 | 0.71 | 2.96 2.09 | 0.05 0.02 |
| rotal Composite | South Sersey | 92.11 | 0.71 | 2.09 | 0.02 |
| Overnight | Chicago | 94.47 | 0.79 | 1.12 | 0.02 |
| Two-Day | Chicago | 89.76 | 1.48 | 1.68 | 0.04 |
| Three-Day | Chicago | 86.33 | 1.69 | 3.00 | 0.05 |
| Total Composite | Chicago | 90.36 | 0.80 | 1.85 | 0.02 |
| Overnight | Central Illinois | 95.77 | 0.67 | 1.09 | 0.02 |
| Two-Day | Central Illinois | 91.54 | 1.33 | 1.80 | 0.04 |
| Three-Day | Central Illinois | 86.81 | 1.63 | 2.97 | 0.04 |
| Total Composite | Central Illinois | 91.41 | 0.75 | 1.93 | 0.02 |
| Overnight | Detroit | 95.82 | 0.80 | 1.08 | 0.02 |
| Two-Day | Detroit | 93.06 | 1.22 | 1.96 | 0.04 |
| Three-Day | Detroit | 92.61 | 1.26 | 2.82 | 0.04 |
| Total Composite | Detroit | 94.31 | 0.60 | 1.77 | 0.02 |
| night | Greater Indiana | 95.30 | 0.80 | 1.10 | 0.02 |
| J-Day | Greater Indiana | 88.99 | 1.50 | 2.06 | 0.03 |
| Three-Day | Greater Indiana | 89.54 | 1.47 | 2.83 | 0.05 |
| Total Composite | Greater Indiana | 91.73 | 0.71 | 1.89 | 0.02 |
| Overnight | Greater Michigan | 96.23 | 0.43 | 1.06 | 0.01 |
| Two-Day | Greater Michigan | 93.24 | 1.25 | 1.89 | 0.03 |
| Three-Day | Greater Michigan | 90.31 | 1.41 | 2.93 | 0.04 |
| Total Composite | Greater Michigan | 93.61 | 0.59 | 1.85 | 0.02 |
| Overnight | Gateway | 95.35 | 0.71 | 1.09 | 0.02 |
| Two-Day | Gateway | 89.46 | 1.50 | 2.03 | 0.04 |
| Three-Day | Gateway | 90.72 | 1.44 | 2.94 | 0.04 |
| Total Composite | Gateway | 91.72 | 0.76 | 2.09 | 0.02 |
| Overnight | Lakeland | 95.89 | 0.65 | 1.07 | 0.01 |
| Two-Day | Lakeland | 91.25 | 1.39 | 2.00 | 0.04 |
| ThreeDay | Lakeland | 89.34 | 1.50 | 2.96 | 0.04 |
| Total Composite | Lakeland | 92.99 | 0.62 | 1.81 | 0.02 |

Response to DBPIUSPS-268 (continued)

EXFC On-Time Service Performance by Performance Cluster, Quarter 3 FY 2005

| | | | Deslinalion+/- | Destination | Destination+/- Range for |
|----------------------|--|---------------------|-------------------------|------------------|-----------------------------|
| Service Standard | Desferre Objection | Destination Percent | Range for | Average Delivery | Average Delivery |
| Area Overnight | Performance Cluster Northern Illinois | On Time 96.04 | Percent On Time 0.53 | Days 1.08 | Days 0.02 |
| Two-Day | Northern Illinois | 93.45 | 1.21 | 1.78 | 0.02 |
| Three-Day | Northern Illinois | 90.55 | 1.44 | 2.92 | 0.04 |
| Total Composite | NorthemIllinois | 93.20 | 0.69 | 1.97 | 0.02 |
| , | | -5.25 | | | |
| Overnight | Southeast Michigan | 95.32 | 0.65 | 1.09 | 0.02 |
| Two-Day | Southeast Michigan | 91.43 | 1.36 | 1.84 | 0.04 |
| Three-Day | Southeast Michigan | 91.78 | 1.34 | 2.80 | 0.05 |
| Total Composite | Southeast Michigan | 93.39 | 0.59 | 1.75 | 0.02 |
| Overnight | Caribbean | 93.79 | 0.97 | 1.10 | 0.02 |
| Three-Day | Caribbean | 69.07 | 3.04 | 3.42 | 0.10 |
| Total Composite | Caribbean | 86.84 | 1.11 | 1.75 | 0.03 |
| | | | | | |
| Overnight | Central New Jersey | 94.75 | 0.86 | 1.10 | 0.02 |
| Two-Day Three-Day | Central New Jersey Central New Jersey | 92.93 91.00 | 1.24 1.38 | 2.01 2.92 | 0.04 0.05 |
| Total Composite | Central New Jersey | 93.36 | 0.64 | 1.78 | 0.02 |
| Total Composito | Contract New Goldey | 30.00 | 0.04 | 1.70 | 0.02 |
| <u> </u> | Long Island | 95.11 | 0.83 | 1.09 | 0.02 |
| Day | Long Island | 92.90 | 1.26 | 1.98 | 0.04 |
| e-Day | Long Island | 90.05 | 1.43 | 2.96 | 0.04 |
| Total Composite | Long island | 92.75 | 0.69 | 1.99 | 0.02 |
| Overnight | Northern New Jersey | 95.54 | 0.63 | 1.07 | 0.01 |
| Two-Day | Northern New Jersey | 91.57 | 1.35 | 2.04 | 0.04 |
| Three-Day | Northern New Jersey | 90.88 | 1.42 | 2.92 | 0.04 |
| Total Composite | Northern New Jersey | 92.95 | 0.64 | 1.90 | 0.02 |
| Overnight | New York | 94.93 | 0.70 | 1.10 | 0.02 |
| Two-Day | New York | 93.57 | 1.23 | 1.99 | 0.02 |
| Three-Day | New York | 89.58 | 1.50 | 2.95 | 0.04 |
| Total Cornoosite | New York | 93.22 | 0.63 | 1.85 | 0.02 |
| Overnight | Triboro | 05.09 | 0.55 | 1.10 | 0.01 |
| Overnight Two-Day | Triboro | 95.08 94.54 | 0.55 1.09 | 1.10 | 0.01 |
| Three-Day | Triboro | 94.54 91.89 | 1.31 | 2.91 | 0.04 |
| Total Cornposile | Triboro | 93.99 | 0.58 | 1.93 | 0.04 |
| . Star Corripcono | | 33.00 | 0.00 | 1.50 | 0.02 |

$\textbf{Response} \, to \,\, DBPIUSPS\text{-}268 \, \textbf{(continued)}$

EXFC On-Time Service Performance by Performance Cluster, Quarter 3 FY 2005

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster Westchester Westchester Westchester Westchester | Destination Percent On Time 96.26 93.87 89.94 93.44 | Destination +/- Range for PercentOn Time 0.60 1.18 1.46 0.67 | Destination Average Delivery Days 1.07 2.00 2.96 2.00 | Destination+/- Range for Average Delivery Days 0.01 0.03 0.04 0.02 |
|--|---|--|--|---|--|
| Overnight | Albany | 96.43 | 0.76 | 1.06 | 0.02 |
| Two-Day | Albany | 92.93 | 1.24 | 2.00 | 0.03 |
| Three-Day | Albany | 86.68 | 1.62 | 2.98 | 0.04 |
| Total Composite | Albany | 92.55 | 0.69 | 1.92 | 0.02 |
| Overnight Two-Day Three-Day Total Composite | Boston Boston Boston | 94.93 94.15 91.00 93.72 | 1.01 1.10 1.35 0.66 | 1.12 1.92 2.88 1.78 | 0.03 0.04 0.04 0.02 |
| Overnight | Connecticut Connecticut Connecticut Connecticut | 96.63 | 0.55 | 1.07 | 0.02 |
| Two-Day | | 91.90 | 1.34 | 2.01 | 0.04 |
| Three-Day | | 89.36 | 1.50 | 2.99 | 0.04 |
| Total Composite | | 93.23 | 0.62 | 1.89 | 0.02 |
| nigh -Day Three-Dav Total Composite | Maine | 95.69 | 0.57 | 1.07 | 0.01 |
| | Maine | 90.10 | 1.45 | 2.07 | 0.04 |
| | Maine | 87.33 | 1.60 | 2.97 | 0.05 |
| | Maine | 91.66 | 0.68 | 1.93 | 0.02 |
| Overnight | Massachusetts | 95.03 | 0.72 | 1.10 | 0.02 |
| Two-Day | Massachusetts | 89.64 | 1.48 | 2.06 | 0.04 |
| Three-Day | Massachusetts | 87.45 | 1.60 | 2.94 | 0.04 |
| Total Composite | Massachusetts | 91.58 | 0.67 | 1.85 | 0.02 |
| Overnight | New HampshireNerrnont | 95.40 | 0.67 | 1.08 | 0.02 |
| Two-Day | New HampshireNerrnont | 89.10 | 1.50 | 2.07 | 0.04 |
| Three-Day | New HampshireNerrnont | 85.69 | 1.67 | 3.02 | 0.05 |
| Total Composite | New HampshireNerrnont | 89.84 | 0.81 | 2.11 | 0.02 |
| Overnight | Southeast New England | 95.40 | 0.58 | 1.10 | 0.02 |
| Two-Day | Southeast New England | 93.91 | 1.17 | 2.01 | 0.04 |
| Three-Day | Southeast New England | 89.00 | 1.51 | 2.99 | 0.04 |
| Total Composite | Southeast New England | 93.21 | 0.59 | 1.87 | 0.02 |

Response to DBP/USPS-268 (continued)

EXFC On-Time Service Performance by Performance Cluster, Quarter 3 FY 2005

| Service Standard | | Destination Percent | Destination +/- Range for | Destination Average Delivery | Destination+/- Range for Average Delivery |
|------------------|---------------------|---------------------|------------------------------|------------------------------|---|
| Area | Performance Cluster | On Time | Percent On Time | bays | Days |
| Overnight | Western New York | 96.61 | 0.55 | 1.07 | 0.02 |
| Two-Day | Western New York | 92.46 | 1.27 | 1.98 | 0.03 |
| Three-Day | Western New York | 87.30 | 1.59 | 2.98 | 0.04 |
| Total Composite | Western New York | 93.42 | 0.57 | 1.74 | 0.02 |
| | | | | | |
| Overnight | Honolulu | 96.35 | 0.66 | 1.06 | 0.01 |
| Three-Day | Honolulu | 73.34 | 2.07 | 3.06 | 0.05 |
| Total Composite | Honolulu | 87.10 | 0.92 | 1.86 | 0.02 |
| | | | | | |
| Overnight | Los Angeles | 93.97 | 0.79 | 1.10 | 0.02 |
| Two-Day | Los Angeles | 90.95 | 1.41 | 1.94 | 0.04 |
| Three-Day | Los Angeles | 88.74 | 1.54 | 2.65 | 0.05 |
| Total Composite | Los Angeles | 91.65 | 0.71 | 1.78 | 0.02 |
| | | | | | |
| Overnight | Nevada-Sierra | 96.61 | 0.52 | 1.06 | 0.01 |
| Two-Day | Nevada-Sierra | 93.68 | 1.21 | 2.00 | 0.05 |
| Three-Day | Nevada-Sierra | 93.38 | 1.22 | 2.63 | 0.04 |
| Total Cornoosite | Nevada-Sierra | 94.21 | 0.74 | 2.13 | 0.03 |
| | | | | | |
| ernight | Bay-Valley | 95.93 | 0.57 | 1.09 | 0.02 |
| ₽® Ma∨ | Ba y-Valley | 94.81 | 1.09 | 1.83 | 0.03 |
| ee-Da | Bay-Valley | 92.46 | 1.29 | 2.61 | 0.05 |
| Total Composite | Bay-Valley | 94.33 | 0.61 | 1.83 | 0.02 |
| | | | | | |
| Overnight | Arizona | 95.27 | 0.54 | 1.09 | 0.01 |
| Two-Day | Arizona | 93.72 | 1.17 | 1.92 | 0.03 |
| Three-Day | Arizona | 91.17 | 1.36 | 2.81 | 0.04 |
| Total Composite | Arizona | 92.83 | 0.78 | 2.14 | 0.02 |
| | | | | | |
| Overnight | Sacramento | 95.15 | 0.85 | 1.08 | 0.01 |
| Twc-Day | Sacramento | 93.23 | 1.26 | 1.97 | 0.04 |
| Three-Day | Sacramento | 86.80 | 1.66 | 2.93 | 0.05 |
| Total Composite | Sacramento | 91.92 | 0.73 | 1.92 | 0.02 |
| Overnight | San Diego | 95.59 | 0.62 | 1.08 | 0.02 |
| Two-Day | San Diego | 94.87 | 1.15 | 1.78 | 0.03 |
| Three-Day | San Diego | 92.61 | 1.31 | 2.79 | 0.05 |
| Total Composite | San Diego | 94.29 | 0.62 | 1.90 | 0.02 |
| • | ŭ | | | | |

EXFC On-Time Service Performance by Performance Cluster, Quarter 3 FY 2005

| Service Standard Area Overnight Two-Day Three-Day Total Composile | Performance Cluster San Francisco San Francisco San Francisco San Francisco | Destination Percent On Time 95.12 93.75 89.64 92.81 | Destination+/- Range for Percentbn Time 0.80 1.23 1.51 0.72 | Destination Average Delivery Days 1.10 1.99 2.95 1.95 | Destination +/- Range for Average Delivery Days 0.02 0.04 0.05 0:02 |
|--|---|--|---|---|---|
| Ovemght | Santa Ana | 95.49 | 0.78 | 1.08 | 0.02 |
| Two-Day | Santa Ana | 93.93 | 1.17 | 1.97 | 0.05 |
| Three-Day | Santa Ana | 91.48 | 1.34 | 2.68 | 0.06 |
| Total Composite | Santa AM | 93.90 | 0.63 | 1.75 | 0.02 |
| Overnight | Van Nuys | 95.33 | 0.72 | 1.08 | 0.02 |
| Two-Day | Van Nuys | 95.72 | 0.97 | 1.73 | 0.04 |
| Three-Day | Van Nuys | 89.93 | 1.46 | 2.52 | 0.05 |
| Total Composite | Van Nuys | 93.45 | 0.65 | 1.76 | 0.02 |
| Overnight | Alabama | 95.19 | 0.95 | 1.08 | 0.02 |
| Two-Day | Alabama | 91.03 | 1.35 | 2.02 | 0.03 |
| Three-Day | Alabama | 90.99 | 1.38 | 2.92 | 0.04 |
| Total Composite | Alabama | 92.71 | 0.70 | 1.95 | 0.02 |
| rnight | Atlanta | 94.58 | 0.89 | 1.12 | 0.02 |
| J-Day | Atlanta | 88.92 | 1.54 | 2.14 | 0.06 |
| Three-Day | Atlanta | 91.40 | 1.38 | 2.88 | 0.05 |
| Total Composite | Atlanta | 91.97 | 0.72 | 2.00 | 0.02 |
| Overnight | Central Florida | 94.56 | 0.69 | 1.09 | 0.02 |
| Two-Day | Central Florida | 92.40 | 1.29 | 2.01 | 0.04 |
| Three-Day | Central Florida | 88.79 | 1.55 | 2.88 | 0.04 |
| Total Composite | Central Florida | 91.24 | 0.84 | 2.17 | 0.02 |
| Overnight | Mississippi | 96.63 | 0.48 | 1.06 | 0.01 |
| Two-Day | Mississippi | 90.11 | 1.41 | 1.98 | 0.04 |
| Three-Day | Mississippi | 90.48 | 1.40 | 2.89 | 0.05 |
| Total Composite | Mississippi | 92.64 | 0.66 | 1.96 | 0.02 |
| Overnight Two-Day Three-Day Total Composite | North Florida North Florida North Florida North Florida | 95.77 90.81 88.64 91.32 | 0.59 1.45 1.54 0.80 | 1. 09 2.05 2.95 2.17 | |

Response to DBP/USPS-268 (continued)

EXFC On-Time Service Performance by Performance Cluster. Quarter 3 FY 2005

| | | Destination Descent | Destination +1- | Destination | Destination —I-I-Range for |
|---------------------------|-----------------------------------|-------------------------|-----------------|---------------|----------------------------|
| Service Standard | Dowforms and Christian | Destination Percent | • | • | Average Delivery |
| Area | Performance Cluster South Florida | On Time | Percent On Time | Days | Days |
| Overnight Two-Day | | 95 . 17 | 0.63 | 1.10 1.89 | 0.02 |
| , | South Florida South Florida | 93.69 | 1.22 1.55 | 2.77 | 0.04 |
| Three-Day Total Composite | South Florida South Florida | 87 . 99 91.32 | 0.83 | 2.77 2.06 | 0.05 |
| rotal Composite | South Florida | 91.32 | 0.63 | 2.00 | 0.03 |
| OvemigM | South Georgia | 95.58 | 0.87 | 1.07 | 0.01 |
| Two-Day | South Georgia | 91.56 | 1.33 | 1 .9 6 | 0.04 |
| Three-Day | South Georgia | 89 .4 0 | 1.52 | 2.87 | 0.04 |
| Total Composite | South Georgia | 91.82 | 0.79 | 2.09 | 0.02 |
| Overnight | Suncoast | 95.34 | 0 80 | 1.09 | 0.02 |
| Two-Day | Suncoast | 92.31 | 1.31 | 2.04 | 0.04 |
| Three-Day | Suncoast | 89.37 | 1.50 | 2.91 | 0.04 |
| Total Composite | Suncoast | 91.78 | 0.82 | 2.18 | 0.02 |
| Overnight | Tennessee | 95.18 | 0.74 | 1.08 | 0.02 |
| Two-Day | Tennessee | 88.25 | 1.58 | 2.08 | 0.04 |
| Three-Day | Tennessee | 91.33 | 1.35 | 2.74 | 0.06 |
| Total Composite | Tennessee | 91.70 | 0.74 | 1.92 | 0.02 |
| might | Albuquerque | 95.41 | 0.54 | 1.08 | 0.01 |
| o-Day | Albuaueraue | 88.64 | 1.58 | 2.09 | 0.04 |
| Three-Day | Albuquerque | 90.54 | 1.42 | 2.88 | 0.05 |
| Total Composite | Albuquerque | 92.19 | 0.74 | 2.08 | 0.02 |
| Overnight | Arkansas | 95.68 | 1.14 | 1.08 | 0.02 |
| Two-Day | Arkansas | 92.65 | 1.27 | 1.99 | 0.02 |
| Three-Day | Arkansas | 89.80 | 1.49 | 2.88 | 0.04 |
| Total Composile | Arkansas | 92.64 | 0.79 | 2.00 | 0.02 |
| | | | | | |
| OvemigM | Dallas | 95.37 | 0.64 | 1.08 | 0.02 |
| Two-Day | Dallas | 93.01 | 1.24 | 1.98 | 0.04 |
| Three-Day | Dallas | 90.78 | 1.40 | 2.79 | 0.05 |
| Total Composite | Dallas | 92.83 | 0.71 | 2.03 | 0.03 |
| Overnight | Fort Worth | 94.88 | 0.88 | 1.09 | 0.02 |
| Two-Day | Fort Worth | 91.18 | 1.37 | 2.01 | 0.04 |
| Three-Day | Fort Worth | 85.32 | 1.71 | 2.89 | 0.05 |
| Total Composite | Fort Worth | 90.11 | 0.85 | 2.04 | 0.02 |

EXFC On-Time Service Performance by Performance Cluster, Quarter 3 FY 2005

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster Houston Houston Houston Houston | Destination Percent On Time 95.09 94.97 92.89 94.12 | Destination +/- Range for Percent On Time 1.01 1.08 1.22 0.68 | Destination Average Delivery Days 1.09 1.98 2.54 1.90 | Destination +/- Range for Average Delivery Days 0.03 0.04 0.04 0.02 |
|---|---|--|---|---|---|
| Overnight | Louisiana | 95.05 | 0.65 | 1.11 | 0.02 |
| Two-Day | Louisiana | 90.18 | 1.43 | 1.98 | 0.04 |
| Three-Day | Louisiana | 90.24 | 1.40 | 2.78 | 0.04 |
| Total. Composite | Louisiana | 92.33 | 0.64 | 1.88 | 0.02 |
| Overnight | Oklahoma | 95.83 | 0.61 | 1.07 | 0.02 |
| Two-Day | Oklahoma | 91.82 | 1.35 | 2.01 | 0.03 |
| Three-Day | Oklahoma | 90.84 | 1.41 | 2.85 | 0.04 |
| Total Composite | Oklahoma | 93.20 | 0.63 | 1.91 | 0.02 |
| Overnight | Rio Grande | 95.65 | 0.62 | 1.09 | 0.02 |
| Two-Day | Rio Grande | 92.32 | 1.29 | 1.89 | 0.04 |
| Three-Day | Rio Grande | 89.94 | 1.46 | 2.66 | 0.06 |
| Total Composite | Rio Grande | 92.37 | 0.74 | 1.97 | 0.03 |
| -Day | Alaska | 97.21 | 0.75 | 1.19 | 0.04 |
| ee-Day | Alaska | 81.74 | 1.81 | 3.07 | 0.05 |
| Total Composite | Alaska | 88.53 | 1.07 | 2.24 | 0.03 |
| Overnight | Big Sky | 97.08 | 0.46 | 1.05 | 0.01 |
| Two-Day | Big Sky | 97.09 | 0.87 | 1.58 | 0.03 |
| Three-Day | Big Sky | 89.91 | 1.48 | 2.73 | 0.05 |
| Total Composite | Big Sky | 93.67 | 0.74 | 1.91 | 0.02 |
| Overnight | Central Plains | 96.75 | 0.52 | 1.06 | 0.01 |
| Two-Day | Central Plains | 91.60 | 1.32 | 2.04 | 0.04 |
| Three-Day | Central Plains | 91.71 | 1.33 | 2.88 | 0.04 |
| Total Composite | Central Plains | 93.79 | 0.61 | 1.93 | 0.02 |
| Overnight | Dakotas | 97.35 | 0.49 | 1.04 | 0.01 |
| Two-Day | Dakotas | 94.44 | 1.11 | 2.00 | 0.05 |
| Three-Day | Dakotas | 89.19 | 1.46 | 2.80 | 0.04 |
| Total Composite | Dakotas | 93.53 | 0.65 | 1.94 | 0.02 |

WFC On-Time Service Performance by Performance Cluster, Quarter 3 FY 2005

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster Colorado/Wyoming ColoradoWyoming ColoraddWyoming Colorado/Wyoming | Destination Percent On Time 96.62 93.91 91.78 93.74 | Destination +/- Range for Percent On Time 0.51 1.17 1.32 0.73 | Destination Average Delivery Days 1.06 1.80 2.59 1.95 | Destination +/- Range for Average-Delivery Days 0.01 0.04 0.04 0.02 |
|--|---|--|---|---|---|
| Overnight | Hawkeye | 96.56 | 0.51 | 1.06 | 0.01 |
| Two-Day | Hawkeye | 90.36 | 1.43 | 2.04 | 0.04 |
| Three-Day | Hawkeye | 88.23 | 1.54 | 2.88 | 0.05 |
| Total Composite | Hawkeye | 91.52 | 0.75 | 2.06 | 0.02 |
| Overnight | Mid-America | 95.39 | 0.92 | 1.08 | 0.02 |
| Two-Day | Mid-America | 91.99 | 1.33 | 2.04 | 0.05 |
| Three-Day | Mid-America | 91.36 | 1.36 | 2.75 | 0.06 |
| Total Composite | Mid-America | 93.06 | 0.69 | 1.91 | 0.02 |
| Overnight | Northland | 96.45 | 0.53 | 1.07 | 0.01 |
| Two-Day | Northland | 92.39 | 1.26 | 1.88 | 0.04 |
| Three-Day | Northland | 91.90 | 1.33 | 2.88 | 0.04 |
| Total Composite | Norlhland | 94.03 | 0.58 | 1.87 | 0.02 |
| night -Dav Three-day Total Composite | Portland | 96.02 | 0.74 | 1.08 | 0.02 |
| | Portland | 95.37 | 1.02 | 1.94 | 0.05 |
| | Portland | 93.36 | 1.22 | 2.30 | 0.04 |
| | Portland | 94.79 | 0.63 | 1.72 | 0.02 |
| Overnight | Salt Lake City | 95.78 | 0.57 | 1.08 | 0.01 |
| Two-Day | Salt Lake City | 94.84 | 1.14 | 2.00 | 0.04 |
| Three-Day | Salt Lake City | 92.41 | 1.29 | 2.56 | 0.04 |
| Total Composite | Salt Lake City | 93.76 | 0.79 | 2.00 | 0.03 |
| Overnight | Seattle | 96.70 | 0.48 | 1.06 | 0.01 |
| Two-Day | Seattle | 96.12 | 0.96 | 1.95 | 0.04 |
| Three-Day | Seattle | 91.78 | 1.32 | 2.79 | 0.05 |
| Total Composite | Seattle | 94.41 | 0.65 | 1.91 | 0.02 |
| OvemigM | Spokane | 96.70 | 0.84 | 1.05 | 0.01 |
| Two-Day | Spokane | 95.50 | 1.05 | 1.96 | 0.03 |
| Three-Day | Spokane | 90.16 | 1.40 | 2.47 | 0.04 |
| Total Composite | Spokane | 93.57 | 0.75 | 1.85 | 0.02 |

EXFC On-Time Service Performance by Performance Cluster. Quarter 3 FY 2005

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster Capital Metro Capital Metro Capital Metro Capital Metro | Destination Percent On Time 96.56 92.13 93.48 94.26 | Destination+/- Range for Percent On Time 0.29 0.69 0.62 0.30 | Destination Average Delivery Days 1.07 1.94 2.43 1.72 | Destination +/- Range for Average Delivery Days 0.01 0.02 0.02 0.01 |
|--|---|--|--|---|---|
| Overnight | Eastern Area | 95.20 | 0.25 | 1.09 | 0.01 |
| Two-Day | Eastern Area | 91.22 | 0.41 | 2.02 | 0.01 |
| Three-Day | Eastern Area | 89.76 | 0.45 | 2.92 | 0.01 |
| Total Composite | Eastern Area | 92.38 | 0.21 | 1.89 | 0.01 |
| Overnight | Great Lakes Area | 95.62 | 0.25 | 1.08 | 0.01 |
| Two-Day | Great Lakes Area | 91.26 | 0.49 | 1.89 | 0.01 |
| Three-Day | Great Lakes Area | 89.69 | 0.52 | 2.91 | 0.02 |
| Total Composite | Great Lakes Area | 92.45 | 0.24 | 1. 89 | 0.01 |
| Overnight | New York Metro Area | 95.08 | 0.32 | 1.09 | 0.01 |
| Two-Day | New York Metro Area | 93.09 | 0.54 | 2.00 | 0.02 |
| Three-Day | New York Metro Area | 89.43 | 0.61 | 2.96 | 0.02 |
| Total Composite | New York Metro Area | 92.90 | 0.29 | 1. 89 | 0.01 |
| might | Northeast Area | 95.83 | 0.27 | 1.09 | 0.01 |
| 5-Day | Northeast Area | 91.87 | 0.51 | 2.02 | 0.02 |
| Three-Day | Northeast Area | 87.91 | 0.61 | 2.97 | 0.02 |
| Total Composite | Northeast Area | 92.46 | 0.26 | 1.88 | 0.01 |
| Overnight | Pacific Area | 95.33 | 0.30 | 1.08 | 0.01 |
| Two-Day | Pacific Area | 94.01 | 0.43 | 1.89 | 0.02 |
| Three-Day | Pacific Area | 90.37 | 0.49 | 2.74 | 0.02 |
| Total Composite | Pacific Area | 93.10 | 0.26 | 1.89 | 0.01 |
| Overnight | SoutheastArea | 95.20 | 0.28 | 1. 09 | 0.01 |
| Two-Day | SoutheastArea | 90.46 | 0.55 | 2.04 | 0.02 |
| Three-Day | SoutheastArea | 89.78 | 0.52 | 2.87 | 0.02 |
| Total Composite | SoutheastArea | 91.81 | 0.28 | 2.05 | 0.01 |
| Overnight | Southwest Area | 95.35 | 0.29 | 1.09 | 0.01 |
| Two-Day | Southwest Area | 92.36 | 0.53 | 1.98 | 0.02 |
| Three-Day | Southwest Area | 90.16 | 0.56 | 2.75 | 0.02 |
| Total Composite | Southwest Area | 92.56 | 0.29 | 1.97 | 0.01 |

| Service Standard Area | Performance Cluster | Destination Percent On Time | Deslination +/- Range for Percent On Time | Destination Average Delivery Days | Destination +/- Range for Average Delivery Days |
|--------------------------|---------------------|--------------------------------|---|---|--|
| Overnight | Western Area | 96.45 | 0.20 | 1.07 | 0.00 |
| Two-Day | Western Area | 92.92 | 0.47 | 1.94 | 0.02 |
| Three-Day | Western Area | 91.20 | 0.45 | 2.71 | 0.01 |
| Total Composite | Western Area | 93.59 | 0.23 | 1.92 | 0.01 |
| Overnight | Nation | 95.57 | 0.09 | 1.08 | 0.00 |
| Two-Day | Nation | 91.95 | 0.18 | 1.9 7 | 0.01 |
| Three-Day | Nation | 90.15 | 0.20 | 2.61 | 0.01 |
| Total Composite | Nalion | 92.75 | 0.10 | 1.91 | 0.00 |

EXFC On-Time Service Performance by Performance Cluster, Quarter 4 FY 2005

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster Baltimore Baltimore Baltimore Baltimore | Destination Percenl On Time 96.61 92.56 93.14 94.45 | Destination +/- Range for Percent On Time 0.52 1.28 1.24 0.56 | Destination Average Delivery Days 1.06 1.91 2.41 1.66 | Destination+/- Range for Average Delivery Days 0.01 0.04 0.04 0.02 |
|--|---|---|---|---|--|
| Overnight | Capital | 96.02 | 0.60 | 1.07 | 0.01 |
| Two-Day | Capital | 91.77 | 1.34 | 1.92 | 0.04 |
| Three-Day | Capital | 94.54 | 1.12 | 2.38 | 0.04 |
| Total Composite | Capital | 94.36 | 0.56 | 1.68 | 0.02 |
| Overnight | Northem Virginia | 96.19 | 0.54 | 1.07 | 0.02 |
| Two-Day | Northern Virginia | 94.84 | 1.08 | 1.85 | 0.03 |
| Three-Day | Northern Virginia | 94.56 | 1.12 | 2.33 | 0.05 |
| Total Composite | Northern Virginia | 95.25 | 0.53 | 1.71 | 0.02 |
| Overnight | Richmond | 96.58 | 0.54 | 1.07 | 0.02 |
| Two-Day | Richmond | 92.17 | 1.31 | 2.00 | 0.05 |
| Three-Day | Richmond | 92.26 | 1.29 | 2.49 | 0.04 |
| Total Composite | Richmond | 93.79 | 0.62 | 1.80 | 0.02 |
| night -Day Three-Day Total Composite | Appalachian | 95.10 | 1.24 | 1.11 | 0.06 |
| | Appalachian | 91.71 | 1.37 | 2.00 | 0.05 |
| | Appalachian | 87.15 | 1.63 | 2.97 | 0.06 |
| | Appalachian | 91.42 | 0.84 | 2.01 | 0.03 |
| Overnight | Cincinnati | 95.07 | 0.68 | 1.09 | 0.02 |
| Two-Day | Cincinnati | 69.30 | 1.52 | 2.07 | 0.04 |
| Three-Day | Cincinnati | 91.99 | 1.36 | 2.87 | 0.05 |
| Total Composite | Cincinnati | 92.38 | 0.67 | 1. 8 9 | 0.02 |
| Overnight Two-Day Three-Day Total Composite | Northern Ohio | 93.30 | 1.01 | 1.11 | 0.02 |
| | Northern Ohio | 88.46 | 1.55 | 2.07 | 0.03 |
| | Northern Ohio | 89.90 | 1.49 | 2.90 | 0.05 |
| | Northern Ohio | 90.98 | 0.76 | 1.80 | 0.02 |
| Overnight | Greater South Carolina | 95.14 | 0.87 | 1.09 | 0.02 |
| Two-Day | Greater South Carolina | 91.19 | 1.37 | 1.99 | 0.04 |
| Three-Day | Greater South Carolina | 89.25 | 1.51 | 2.88 | 0.05 |
| Total Composite | Greater South Carolina | 92.45 | 0.70 | 1.85 | 0.02 |

EXFC On-Time Service Performance by Performance Cluster. Quarter 4 FY 2005

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster Columbus Columbus Columbus Columbus | Destination Percent On Time 94.60 91.79 92.34 93.06 | Destination +/- Range for Percenton Time 0.76 1.35 1.30 0.65 | Destination Average Delivery Days 1.10 1.97 2.79 1.82 | Destination +/- Range for Average Delivery bays 0.02 0.03 0.04 0.02 |
|--|---|--|--|---|---|
| Overnight | Erie | 96.11 | 0.58 | 1.06 | 0.01 |
| Two-Day | Erie | 90.30 | 1.38 | 2.05 | 0.03 |
| Three-Day | Erie | 88.66 | 1.55 | 2.92 | 0.04 |
| Total Composite | Erie | 91.80 | 0.75 | 1.92 | 0.02 |
| Overnight | Greensboro | 95.35 | 0.95 | 1.08 | 0.02 |
| Two-Day | Greensboro | 91.75 | 1.34 | 1.99 | 0.04 |
| Three-Day Total Composite | Greensboro Greensboro | 90.43 | 1.43 | 2.76 | 0.05 |
| rotal Composite | Greensboro | 93.01 | 0.69 | 1.79 | 0.02 |
| Overnight | Central Pennsylvania | 95.31 | 0.62 | 1.07 | 0.01 |
| Two-Day | Central Pennsylvania | 89.32 | 1.49 | 2.06 | 0.04 |
| Three-Day | Central Pennsylvania | 87.90 | 1.58 | 3.00 | 0.04 |
| Total Composite | Central Pennsylvania | 91.19 | 0.71 | 1.94 | 0.02 |
| rnight | Kentuckiana | 96.12 | 0.56 | 1.06 | 0.01 |
| o-Day | Kentuckiana | 92.25 | 1.29 | 2.01 | 0.04 |
| Three-Day Total Composite | Kentuckiana Kenluckiana | 90.66 93.01 | 1.41 0.67 | 2.92 1.99 | 0.05 |
| rotal Composite | Refliuckialla | 93.01 | 0.67 | 1.99 | 0.02 |
| Overnight | Mid-Carolinas | 93.77 | 1.05 | 1.12 | 0.03 |
| Two-Day | Mid-Carolinas | 90.91 | 1.40 | 2.03 | 0.05 |
| Three-Day | Mid-Carolinas | 90.46 | 1.38 | 2.94 | 0.05 |
| Total Composite | Mid-Carolinas | 91.96 | 0.76 | 1.91 | 0.02 |
| Overnight | Philadelphia Metro | 96.12 | 0.52 | 1.08 | 0.02 |
| Two-Day | Philadelphia Metro | 92.17 | 1.32 | 1.98 | 0.03 |
| Three-Day | Philadelphia Metro | 89.14 | 1.50 | 3.00 | 0.05 |
| Total Composite | Philadelphia Metro | 93.16 | 0.61 | 1.83 | 0.02 |
| Overnight | Pittsburgh | 95.49 | 0.61 | 1.08 | 0.01 |
| Two-Day | Pittsburgh | 93.37 | 1.20 | 2.01 | 0.03 |
| Three-Day | Pittsburgh | 91.89 | 1.33 | 2.89 | 0.04 |
| Total Composite | Pittsburgh | 94.00 | 0.50 | 1.78 | 0.02 |

EXFC On-Time Service Performance by Performance Cluster, Quarter 4 FY 2005

| Service Standard Area | Performance Cluster | Destination Percent On Time | Destination + <i>I</i> - Range for Percent On Time | Destination Average Delivery Days | Destination+/- Range for Average Delivery Days |
|--------------------------|---------------------|--------------------------------|--|---|---|
| Overnight | South Jersey | 95.43 | 0.58 | 1.08 | 0.01 |
| Two-Day | South Jersey | 92.67 | 1.25 | 2.00 | 0.03 |
| Three-Day | South Jersey | 90.78 | 1.37 | 2.97 | 0.05 |
| Total Composite | South Jersey | 92.71 | 0.71 | 2.10 | 0.02 |
| | | 0 | 0 | 2.10 | 0.02 |
| | | | | | |
| Overnight | Chicago | 93.89 | 1.23 | 1.12 | 0.02 |
| Two-Day | Chicago | 87.87 | 1.60 | 1.76 | 0.05 |
| Three-Day | Chicago | 84.17 | 1.79 | 3.09 | 0.06 |
| Total Composite | Chicago | 88.82 | 0.90 | 1.91 | 0.03 |
| | | | | | |
| Overnight | Central Illinois | 96.28 | 0.52 | 1.07 | 0.01 |
| Two-Day | Central Illinois | 91.15 | 1.30 | 1.82 | 0.05 |
| Three-Day | Central Illinois | 86.82 | 1.65 | 2.97 | 0.04 |
| Total Composite | Central Illinois | 91.43 | 0.73 | 1.94 | 0.04 |
| rotal Composito | Contrar miniolo | 31. 1 3 | 0.75 | 1.5-4 | 0.02 |
| | | | | | |
| Overnight | Detroit | 95.23 | 0.92 | 1.10 | 0.02 |
| Two-Day | Detroit | 93.04 | 1.27 | 1.98 | 0.04 |
| Three-Day | Detroit | 92.25 | 1.29 | 2.78 | 0.05 |
| Total Composite | Detroit | 93.90 | 0.66 | 1.77 | 0.02 |
| | | | | | |
| ernight | Greater Indiana | 94.80 | 1.00 | 1.09 | 0.02 |
| o-Day | Greater Indiana | 90.41 | 1.42 | 2.02 | 0.04 |
| Three-Day | Greater Indiana | 91.51 | 1.36 | 2.75 | 0.04 |
| Total Composite | Greater Indiana | 92.53 | 0.72 | 1.86 | 0.02 |
| | | | | | |
| Overnight | Greater Michigan | 95.82 | 0.71 | 1.07 | 0.01 |
| Two-Day | Greater Michigan | 93.35 | 1.21 | 1.92 | 0.04 |
| Three-Day | Greater Michigan | 89.74 | 1.52 | 2.91 | 0.04 |
| Total Composite | Greater Michigan | 93.32 | 0.65 | 1.86 | 0.02 |
| | | | | | |
| Overnight | Gateway | 94.18 | 1.06 | 1.12 | 0.02 |
| Two-Day | Gateway | 85.55 | 1.70 | 2.11 | 0.04 |
| Three-Day | Gateway | 88.09 | 1.59 | 2.96 | 0.04 |
| Total Composite | Gateway | 89.13 | 0.87 | 2.13 | 0.02 |
| . otal Composito | Calonay | 55.16 | 0.01 | 2.10 | 0.02 |
| O to majork t | Lakaland | 04.07 | 0.00 | 4.00 | 0.00 |
| Overnight | Lakeland | 94.87 | 0.90 | 1.08 | 0.02 |
| Two-Day | Lakeland | 90.99 | 1.42 | 2.01 | 0.04 |
| Three-Day | Lakeland | 90.42 | 1.47 | 2.92 | 0.04 |
| Total Composite | Lakeland | 92.72 | 0.70 | 1.81 | 0.02 |

EXFC On-Time Service Performance by Performance Cluster, Quarter 4 FY 2005

| | | | Destination+I- | Destination | Destination +/- Range for |
|-------------------|---|---------------------|-----------------|---------------------|---------------------------|
| Service Standard | Danfa was a sa Oliveta w | Destination Percent | • | Average Delivery | Average Delivery |
| Area Overnight | PerformanceCluster Northern Illinois | On Time | Percent On Time | Days | bays |
| Two-Day | Northern Illinois | 95.95 93.62 | 0.55 1.20 | 1.08 1.78 | 0.02 0.04 |
| Three-Day | Northern Illinois | 93.02 88.17 | 1.58 | 2.97 | 0.04 |
| Total Composite | Northern Illinois | 92.47 | 0.72 | 1.98 | 0.04 |
| rotal Composito | 110101011111111010 | 02.17 | 0.72 | 1.50 | 0.02 |
| Organisht | Could a set hit his a | 05.47 | 0.07 | 4.00 | 0.04 |
| Overnight | Southeast Michigan | 95.17 | 0.67 | 1.08 | 0.01 |
| Two-Day | Southeast Michigan | 92.31 | 1.29 | 1.86 | 0.04 |
| Three-Day | Southeast Michigan | 92.07 | 1.36 0.60 | 2.74 | 0.04 |
| Total Composite | Southeast Michigan | 93.61 | 0.00 | 1.74 | 0.02 |
| 0 | 0 ". | | | | |
| Overnight | Caribbean | 92.58 | 1.12 | 1.13 | 0.02 |
| Three-Day | Caribbean | 57.48 | 3.34 | 3.69 | 0.12 |
| Total Composite | Caribbean | 82.72 | 1.24 | 1.85 | 0.04 |
| | | | | | |
| Overnight | Central New Jersey | 95.33 | 0.59 | 1.09 | 0.02 |
| Two-Day | Central New Jersey | 91.70 | 1.34 | 2.01 | 0.03 |
| Three-Day | Central New Jersey | 91.96 | 1.35 | 2.84 | 0.04 |
| Total Composite | Central New Jersey | 93.54 | 0.57 | 1.76 | 0.01 |
| | | | | | |
| ernight | Long Island | 94.23 | 0.94 | 1.10 | 0.02 |
| -Day | Long Island | 90.46 | 1.42 | 2.04 | 0.03 |
| ee-Day | Long Island | 88.32 | 1.57 | 2.99 | 0.05 |
| Total composite | Long Island | 91.05 | 0.77 | 2.02 | 0.02 |
| | | | | | |
| Overnight | Northem New Jersey | 94.90 | 0.82 | 1.10 | 0.03 |
| Two-Day | Northern New Jersey | 91.63 | 1.35 | 2.06 | 0.04 |
| Three-Day | Northern New Jersey | 90.88 | 1.39 | 2.90 | 0.04 |
| Total Composite | Northern New Jersey | 92.71 | 0.67 | 1.91 | 0.02 |
| | | | | | |
| Overnight | New York | 93.36 | 0.76 | 1.13 | 0.02 |
| Two-Day | New York | 92.26 | 1.31 | 2.01 | 0.03 |
| Three-Day | New York | 87.71 | 1.64 | 2.99 | 0.05 |
| Total Composite | New York | 91.67 | 0.68 | 1.87 | 0.02 |
| | | | | | |
| Overnight | Triboro | 95.23 | 0.50 | 1.09 | 0.02 |
| Two-Day | Triboro | 94.41 | 1.12 | 1,99 | 0.03 |
| Three-Day | Triboro | 90.56 | 1.42 | 2.94 | 0.04 |
| Total Composite | Triboro | 93.62 | 0.60 | 1.94 | 0.02 |

EXFC On-Time Service Performance by Performance Cluster, Quarter 4 FY 2005

| Service Standard | | Destination Percent | Destination -I Range for | - Destination Average Delivery | Destination +/- Range for Average Delivery |
|------------------|-----------------------|---------------------|-------------------------------------|-----------------------------------|--|
| Area | Performance Cluster | On Time | Percent On Time | Days | Days |
| Overnight | WestChester | 95.93 | 0.59 | 1.08 | 0.02 |
| Two-Day | Westchesler | 94.76 | 1.09 | 1.96 | 0.03 |
| Three-Day | Westchester | 88.68 | 1.54 | 2.96 | 0.05 |
| Total Composite | Westchesler | 93.35 | 0.66 | 1.99 | 0.02 |
| rotal Composito | VV Cotto i Cotto | 30.30 | 0.00 | 1.00 | J.UL |
| Overnight | Albany | 96.93 | 0.58 | 1.06 | 0.02 |
| Two-Day | Albany | 93.97 | 1.18 | 2.00 | 0.03 |
| Three-Day | Albany | 89.15 | 1.51 | 2.93 | 0.04 |
| Total Composite | Albany | 93.77 | 0.63 | 1.91 | 0.02 |
| | | | | | |
| Overnight | Boston | 95.86 | 0.59 | 1.09 | 0.02 |
| Two-Day | Boston | 93.13 | 1.24 | 1.93 | 0.03 |
| Three-Day | Boston | 91.08 | 1.42 | 2.88 | 0.04 |
| Total Composite | Boston | 93.94 | 0.56 | 1.76 | 0.02 |
| O ve me i allet | On an antique | 05.04 | 4.00 | 4.00 | 0.00 |
| Overnight | Connecticut | 95.24 | 1.03 | 1.08 | 0.02 |
| Two-Day | Connecticut | 91.31 | 1.38 | 2.06 | 0.05 |
| Three-Day | Connecticut | 88.55 | 1.55 | 2.99 | 0.05 |
| Total Composite | Connecticut | 92.22 | 0.74 | 1.91 | 0.02 |
| rnight | Maine | 95.14 | 0.66 | 1.08 | 0.01 |
| o-Day | Maine | 88.25 | 1.56 | 2.09 | 0.04 |
| Three-Day | Maine | 86.75 | 1.66 | 3.01 | 0.04 |
| Total Composite | Maine | 90.82 | 0.72 | 1.95 | 0.07 |
| rotal Composite | iviali le | 90.62 | 0.72 | 1.95 | 0.03 |
| Overnight | Massachusetts | 94.54 | 0.85 | 1.11 | 0.02 |
| Two-Day | Massachusetts | 91.10 | 1.39 | 2.04 | 0.04 |
| Three-Day | Massachusens | 87.79 | 1.59 | 2.97 | 0.04 |
| Total Composite | Massachusetts | 91.81 | 0.69 | 1.86 | 0.02 |
| | | | | | |
| Overnight | New HampshireNermont | 94.78 | 0.79 | 1.09 | 0.02 |
| Two-Day | New HampshireNermont | 88.43 | 1.62 | 2.09 | 0.04 |
| Three-Day | New HampshireNermont | 85.26 | 1.74 | 3.01 | 0.04 |
| Total Composite | New HampshireNermont | 89.29 | 0.88 | 2.12 | 0.02 |
| | | | | | |
| Overnight | Southeast New England | 94.86 | 0.85 | 1.10 | 0.03 |
| Two-Day | Southeast New England | 93.15 | 1.24 | 2.02 | 0.03 |
| Three-Day | Southeast New England | 90.01 | 1.44 | 2.96 | 0.04 |
| Total Composite | Southeast New England | 93.05 | 0.65 | 1.87 | 0.02 |

EXFC On-Time Service Performance by Performance Cluster, Quarter 4 FY 2005

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster Western New York Western New York Western New York Western New York | Destination Percent On Time 95.97 91.70 89.09 93.28 | Destination+/- Range for Percentbn Time 0.59 1.34 1.52 0.58 | Destination Average Delivery Days 1.08 2.04 2.96 1.76 | Destination+/- Ranae for Average-Delivery Days 0.02 0.05 0.05 0.02 |
|---|---|--|---|---|--|
| Overnight | Honolulu | 96.47 | 0. 52 | 1.06 | 0.01 |
| Three-Day | Honolulu | 69.74 | 1.96 | 3.13 | 0.07 |
| Total Composite | Honolulu | 85.72 | 0.85 | 1.89 | 0.03 |
| Overnight | Los Angeles | 92.44 | 0.94 | 1.14 | 0.02 |
| Two-Day | Los Angeles | 92.23 | 1.35 | 1.91 | 0.04 |
| Three-Day | Los Angeles | 85.32 | 1.75 | 2.89 | 0.06 |
| Total Composite | Los Angeles | 89.87 | 0.80 | 1.88 | 0.02 |
| Overnight | Nevada-Sierra | 95.53 | 0.57 | 1.08 | 0.02 |
| Two-Day | Nevada-Sierra | 91.93 | 1.33 | 2.03 | 0.05 |
| Three-Day | Nevada-Sierra | 91.60 | 1.34 | 2.75 | 0.05 |
| Total Composite | Nevada-Sierra | 92.60 | 0.81 | 2.21 | 0.03 |
| -Day -ree-Day Total Composite | BayValley Bay-Valley Bay-Valley BayValley | 94.73 93.52 89.55 92.42 | 0.66 1.26 1.51 0.71 | 1.10 1.87 2.74 1.89 | 0.02 0.04 0.05 0.02 |
| Overnight | Arizona | 95.48 | 0.57 | 1.08 | 0.01 |
| Two-Day | Arizona | 92.57 | 1.33 | 1.97 | 0.04 |
| Three-Day | Arizona | 91.43 | 1.41 | 2.91 | 0.05 |
| Total Composite | Arizona | 92.86 | 0.81 | 2.20 | 0.03 |
| Overnight | Sacramento | 94.18 | 1.22 | 1.12 | 0.03 |
| Two-Day | Sacramento | 92.91 | 1.26 | 1.96 | 0.03 |
| Three-Day | Sacramento | 85.35 | 1.76 | 2.90 | 0.06 |
| Total Composite | Sacramento | 90.97 | 0.83 | 1.93 | 0.02 |
| Overnight | San Diego | 95.73 | 0.57 | 1.08 | 0.02 |
| Two-Day | San Diego | 94.49 | 1.12 | 1.78 | 0.04 |
| Three-Day | San Diego | 89.99 | 1.49 | 2.82 | 0.05 |
| Total Composite | San Diego | 93.25 | 0.66 | 1.90 | 0.02 |

WFC On-Time Service Performance by Performance Cluster, Quarter 4 FY 2005

| | Service Standard | | Destination Percent | Destination+/- Range for | Destination Average Delivery | Destination+/- Rangefor Average Delivery |
|---|---------------------------------------|---------------------|---------------------|---|---------------------------------|--|
| | Area | Performance Cluster | On Time | Percenton Time | bays | bays |
| | Overnight | San Francisco | 95.38 | 0.58 | 1.09 | 0.02 |
| | Two-Day | San Francisco | 92.76 | 1.36 | 2.00 | 0.04 |
| | Three-Day | San Francisco | 87.89 | 1.61 | 2.97 | 0.04 |
| | Total ComDosite | San Francisco | 92.11 | 0.71 | 1.95 | 0.02 |
| | | | | • | | |
| | | | | | | |
| | Overnight | Santa Ana | 94.50 | 0.67 | 1.10 | 0.02 |
| | Two-Day | Santa Ana | 93.99 | 1.17 | 1.98 | 0.04 |
| | Three-Day | Santa Ana | 87.63 | 1.64 | 2.83 | 0.05 |
| | Total Composite | Santa Ana | 92.08 | 0.68 | 1.82 | 0.02 |
| | | | | | | |
| | Overnight | Van Nuys | 95.21 | 0.74 | 1.09 | 0.02 |
| | Two-Day | Van Nuys | 92.94 | 1.24 | 1.82 | 0.04 |
| | Three-Day | Van Nuys | 86.48 | 1.66 | 2.69 | 0.06 |
| | Total Composite | Van Nuys | 91.50 | 0.74 | 1.84 | 0.03 |
| | · | · | | | | |
| | Overnight | Alabama | 95.78 | 0.57 | 1.07 | 0.01 |
| | Two-Day | Alabama | 87.89 | 1.51 | 2.09 | 0.05 |
| | Three-Day | Alabama | 89.50 | 1.49 | 2.96 | 0.04 |
| | Total Composite | Alabama | 91.66 | 0.67 | 1.98 | 0.02 |
| | · | | | | | |
| 1 | rnight | Atlanta | 94.07 | 1.33 | 1.12 | 0.03 |
| Ų | o-Day | Atlanta | 89.49 | 1.50 | 2.12 | 0.05 |
| | Three-Day | Atlanta | 91.61 | 1.36 | 2.85 | 0.05 |
| | Total Composite | Atlanta | 92.00 | 0.80 | 1.99 | 0.02 |
| | , , , , , , , , , , , , , , , , , , , | | | | | |
| | Overnight | Central Florida | 94.65 | 0.66 | 1.10 | 0.02 |
| | Two-Day | Central Florida | 90.49 | 1.50 | 2.05 | 0.04 |
| | Three-Day | Central Florida | 90.01 | 1.46 | 2.88 | 0.05 |
| | Total Composite | Central Florida | 91.52 | 0.81 | 2.17 | 0.03 |
| | μ | | - , | | | |
| | Overnight | Mississippi | 96.23 | 0.54 | 1.07 | 0.01 |
| | Twc-Day | Mississippi | 88.06 | 1.70 | 2.10 | 0.06 |
| | Three-Day | Mississippi | 89.46 | 1.61 | 2.83 | 0.05 |
| | Total Composite | Mississippi | 91.55 | 0.77 | 1.98 | 0.02 |
| | . c.a. composito | сэлоогррг | 200 | J 1 | | 0.02 |
| | Overnight | North Florida | 94.52 | 0.90 | 1.11 | 0.02 |
| | Two-Day | North Florida | 88.77 | 1.49 | 2.11 | 0.05 |
| | Three-Day | North Florida | 85.15 | 1.71 | 3.04 | 0.05 |
| | Total Composite | North Florida | 88.87 | 0.89 | 2.23 | 0.03 |
| | . Star Composito | | 55.57 | 0.00 | 4-20 | 0.00 |

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster South Florida South Florida South Florida South Florida | Destination Percent On Time 92.64 90.98 88.01 90.06 | Destination+I- Range for PercentOn Time 1.93 1.62 1.59 1.08 | Destination Average Delivery Days 1.12 1.97 2.79 2.09 | Destination +/- Range for Average Delivery bays 0.03 0.05 0.06 0.03 |
|--|---|--|---|---|---|
| Overnight | South Georgia | 95.55 | 0.68 | 1.08 | 0.01 |
| Two-Day | South Georgia | 89.53 | 1.49 | 1.98 | 0.04 |
| Three-Day | South Georgia | 89.23 | 1.54 | 2.90 | 0.05 |
| Total Composite | South Georgia | 91.17 | 0.81 | 2.11 | 0.02 |
| Overnight | Suncoast | 95.01 | 0.81 | 1.10 | 0.02 |
| Two-Day | Suncoast | 90.96 | 1.42 | 2.04 | 0.04 |
| Three-Day | Suncoast | 88.87 | 1.53 | 2.93 | 0.05 |
| Total Composite | Suncoast | 91.13 | 0.84 | 2.19 | 0.03 |
| Overnight | Tennessee | 95.49 | 0.60 | 1.09 | 0.02 |
| Two-Day | Tennessee | 89.33 | 1.47 | 2.02 | 0 04 |
| Three-Day | Tennessee | 91.77 | 1.36 | 2.71 | 0.05 |
| Total Composite | Tennessee | 92.31 | 0.68 | 1.90 | 0.02 |
| might o-Day Three-Day Total Composite | Albuquerque | 94.68 | 0.97 | 1.11 | 0.03 |
| | Albuquerque | 89.81 | 1.51 | 2.09 | 0.05 |
| | Albuquerque | 89.12 | 1.55 | 2.92 | 0.04 |
| | Albuquerque | 91.37 | 0.86 | 2.10 | 0.02 |
| Overnight | Arkansas | 96.24 | 0.56 | 1.07 | 0.01 |
| Two-Day | Arkansas | 90.63 | 1.43 | 2.01 | 0.04 |
| Three-Day | Arkansas | 90.04 | 1.48 | 2.88 | 0.05 |
| Total Composite | Arkansas | 92.42 | 0.71 | 2.01 | 0.02 |
| Overnight | Dallas | 94.48 | 1.12 | 1.11 | 0.02 |
| Two-Day | Dallas | 91.10 | 1.48 | 2.03 | 0.04 |
| Three-Day | Dallas | 91.20 | 1.37 | 2.79 | 0.05 |
| Total Composite | Dallas | 92.29 | 0.79 | 2.05 | 0.02 |
| Overnight | Fort Worth | 95.16 | 0.65 | 1.10 | 0.02 |
| Two-Day | Fort Worth | 92.97 | 1.31 | 1.96 | 0.04 |
| Three-Day | Fort Worth | 88.82 | 1.54 | 2.78 | 0.05 |
| Total Composite | Fort Worth | 92.05 | 0.74 | 1.98 | 0.02 |

$Response \ \textbf{to} \ \textbf{DBPRISPS-268} \ (continued)$

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster Houston Houston Houston Houston | Destination Percent On Time 94.50 90.37 85.77 89.89 | Destination+I- Range for PercenI On Time 1.24 1.66 1.71 0.93 | Destination Average Delivery Days 1.13 2.10 2.84 2.07 | Destination +/- Range for Average Delivery Days 0.04 0.05 0.06 0.03 |
|---|---|--|--|---|---|
| Overnight | Louisiana | 94.77 | 0.97 | 1.09 | 0.02 |
| Two-Day | Louisiana | 86.99 | 1.93 | 2.07 | 0.05 |
| Three-Day | Louisiana | 86.86 | 1.87 | 2.93 | 0.07 |
| Total Composite | Louisiana | 90.34 | 0.88 | 1.95 | 0.03 |
| Overnight | Oklahoma | 95.35 | 0.63 | 1.08 | 0.01 |
| Two-Day | Oklahoma | 90.86 | 1.42 | 2.05 | 0.04 |
| Three-Day | Oklahoma | 92.37 | 1.30 | 2.80 | 0.05 |
| Total Composite | Oklahoma | 93.34 | 0.62 | 1.90 | 0.02 |
| Overnight | Rio Grande | 95.38 | 0.63 | 1.09 | 0.02 |
| Two-Day | Rio Grande | 92.42 | 1.29 | 1.95 | 0.04 |
| Three-Day | Rio Grande | 91.56 | 1.35 | 2.66 | 0.05 |
| Total Composite | Rio Grande | 93.03 | 0.70 | 1.98 | 0.03 |
| -Day | Alaska | 97.21 | 0.63 | 1.18 | 0.03 |
| ree-Day | Alaska | 84.18 | 1.79 | 3.07 | 0.06 |
| Total Composite | Alaska | 89.90 | 1.04 | 2.24 | 0.04 |
| Overnight | Big Sky | 96.05 | 0.60 | 1.08 | 0.02 |
| Two-Day | Big Sky | 9458 | 1.22 | 1.65 | 0.05 |
| Three-Day | Big Sky | 89.43 | 1.49 | 2.75 | 0.05 |
| Total Composite | Big Sky | 92.74 | 0.76 | 1.94 | 0.02 |
| Overnight | Central Plains | 96.66 | 0.52 | 1.06 | 0.01 |
| Two-Day | Central Plains | 91.87 | 1.31 | 2.02 | 0.03 |
| Three-Day | Central Plains | 90.23 | 1.46 | 2.94 | 0.04 |
| Total Composite | Central Plains | 93.29 | 0.64 | 1.95 | 0.02 |
| Overnight | Dakotas | 96.36 | 1.03 | 1.07 | 0.03 |
| Two-Day | Dakotas | 94.47 | 1.11 | 2.00 | 0.04 |
| Three-Day | Dakotas | 90.69 | 1.41 | 2.73 | 0.04 |
| Total Composite | Dakotas | 93.74 | 0.73 | 1.92 | 0.02 |

EXFC On-Time Service Performance by Performance Cluster, Quarter 4 FY 2005

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster ColoradofWyoming ColoradofWyoming ColoradofWyoming ColoradofWyoming | Destination Percent On Time 96.40 93.65 90.82 93.13 | Destination +/- Range for Percent On Time 0.51 1.21 1.37 0.75 | Destination Average Delivery Davs 1.07 1.79 2.66 1.99 | Destination +/- Range for Average Delivery Days 0.01 0.03 0.05 0.03 |
|--|---|---|---|---|---|
| Overnight | Hawkeye | 96.15 | 0.61 | 1.07 | 0.02 |
| Two-Day | Hawkeye | 91.97 | 1.35 | 1.97 | 0.03 |
| Three-Day | Hawkeye | 92.44 | 1.29 | 2.79 | 0.04 |
| Total Composite | Hawkeye | 93.51 | 0.67 | 2.00 | 0.02 |
| Overnight | Mid-America | 95.20 | 0.77 | 1.08 | 0.01 |
| Two-Day | Mid-America | 91.55 | 1.35 | 2.02 | 0.04 |
| Three-Day | Mid-America | 92.1 1 | 1.31 | 2.74 | 0.04 |
| Total Composite | Mid-America | 93.10 | 0.67 | 1.90 | 0.02 |
| Overnight | Northland | 96.37 | 0.56 | 1.06 | 0.01 |
| Two-Day | Northland | 92.47 | 1.29 | 1.89 | 0.04 |
| Three-Day | Northland | 93.27 | 1.23 | 2.86 | 0.05 |
| Total Composite | Northland | 94.49 | 0.56 | 1.86 | 0.02 |
| rnight -Day Three-Day Total Composite | Portland | 95.49 | 0.58 | 1.09 | 0.02 |
| | Portland | 92.59 | 1.30 | 2.00 | 0.05 |
| | Portland | 94.77 | 1.11 | 2.25 | 0.04 |
| | Portland | 94.80 | 0.57 | 1.71 | 0.02 |
| Overnight | Salt Lake City | 95.71 | 0.60 | 1.08 | 0.01 |
| Two-Day | Salt Lake City | 93.32 | 1.28 | 1.99 | 0.04 |
| Three-Day | Salt Lake City | 93.82 | 1.18 | 2.57 | 0.05 |
| Total Composite | Salt Lake City | 94.48 | 0.73 | 2.00 | 0.03 |
| Overnight | Seattle | 96.41 | 0.53 | 1.07 | 0.01 |
| Two-Day | Seanle | 95.07 | 1.10 | 2.02 | 0.04 |
| Three-Day | Seattle | 94.72 | 1.11 | 2.59 | 0.04 |
| Total Composite | Seanle | 95.55 | 0.57 | 1.82 | 0.02 |
| Overnight | Spokane | 96.92 | 0.52 | 1.06 | 0.01 |
| Two-Day | Spokane | 94.87 | 1.13 | 1.98 | 0.03 |
| Three-Day | Spokane | 91.55 | 1.35 | 2.39 | 0.05 |
| Total Composite | Spokane | 94.16 | 0.66 | 1.81 | 0.02 |

 $W\,F\,C$ On-Time Service Performance by Performance Cluster, Quarter 4 FY 2005

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster Capital Metro Capital Metro Capital Metro Capital Metro | Destination Percent On Time 96.40 92.70 93.47 94.39 | Destination +/- Range for Percent On Time 0.29 0.68 0.63 0.31 | Destination Average Delivery Days 1.07 1.93 2.41 1.71 | Destination+/- Range for Average Delivery Days 0.01 0.02 0.02 0.01 |
|--|---|--|---|---|--|
| Overnight | Eastern Area | 95.08 | 0.24 | 1.09 | 0.01 |
| Two-Day | Eastern Area | 91.14 | 0.41 | 2.02 | 0.01 |
| Three-Day | Eastern Area | 90.12 | 0.45 | 2.92 | 0.02 |
| Total Composite | Eastern Area | 92.41 | 0.21 | 1.89 | 0.01 |
| Overnight | Great Lakes Area | 95.12 | 0.32 | 1.09 | 0.01 |
| Two-Day | Great Lakes Area | 90.78 | 0.51 | 1.91 | 0.02 |
| Three-Day | Great Lakes Area | 89.18 | 0.54 | 2.90 | 0.02 |
| Total Composite | Great Lakes Area | 91.96 | 0.27 | 1.90 | 0.01 |
| Overnight | New York Metro Area | 94.54 | 0.33 | 1.10 | 0.01 |
| Two-Day | New York Metro Area | 92.41 | 0.57 | 2.02 | 0.02 |
| Three-Day | New York Metro Area | 88.00 | 0.64 | 2.98 | 0.02 |
| Total Composite | New York Metro Area | 92.08 | 0.29 | 1.91 | 0.01 |
| rnight | Northeast Area | 95.41 | 0.31 | 1.09 | 0.01 |
| o-Day | Northeast Area | 91.75 | 0.52 | 2.03 | 0.02 |
| Three-Day | Northeast Area | 88.35 | 0.60 | 2.97 | 0.02 |
| Total Composite | Northeast Area | 92.37 | 0.27 | 1.89 | 0.01 |
| Overnight | Pacific Area | 94.74 | 0.30 | 1.10 | 0.01 |
| Two-Day | Pacific Area | 93.13 | 0.47 | 1.91 | 0.02 |
| Three-Day | Pacific Area | 88.17 | 0.54 | 2.84 | 0.02 |
| Total Composite | Pacific Area | 91.81 | 0.27 | 1.95 | 0.01 |
| Overnight | Southeast Area | 94.83 | 0.37 | 1.10 | 0.01 |
| Two-Day | Southeast Area | 89.45 | 0.58 | 2.06 | 0.02 |
| Three-Day | Southeast Area | 89.36 | 0.53 | 2.88 | 0.02 |
| Total Composite | Southeast Area | 91.26 | 0.30 | 2.06 | 0.01 |
| Overnight | Southwest Area | 95.00 | 0.36 | 1.10 | 0.01 |
| Two-Day | Southwest Area | 90.86 . | 0.62 | 2.02 | 0.02 |
| Three-Day | Southwest Area | 89.64 | 0.58 | 2.80 | 0.02 |
| Total Composite | Southwest Area | 91.89 | 0.32 | 2.00 | 0.01 |

| | | | | | Destination+/- |
|------------------|---------------------|----------------------------|-----------------|------------------|------------------|
| | | | Destination+/- | Destination | Ranae for |
| Service Standard | | Destination Percent | Range for | Average Delivery | Average Delivery |
| Area | Performance Cluster | On Time | Percent On Time | Days | Days |
| Overnighl | Westem Area | 96.18 | 0.20 | 1.07 | 0 00 |
| Two-Day | Western Area | 92.83 | 0.46 | 1.93 | 0.01 |
| Three-Day | Western Area | 92.34 | 0.43 | 2.67 | 0.02 |
| Total Composite | Western Area | 93.95 | 0.22 | 1.90 | 0 01 |
| | | | | | |
| Overnight | Nation | 95.21 | 0.10 | 1.09 | 0.00 |
| Two-Day | Nation | 91.49 | 0.19 | 1.98 | 0.01 |
| Three-Day | Nation | 89.80 | 0.21 | 2.83 | 0.01 |
| Total Composite | Nation | 92.36 | 0.11 | 1.93 | 0.00 |

| Service Standard Area Overnight Two-Day Three–Day Total ComDosite | Performance Cluster Baltimore Baltimore Baltimore Baltimore | Destination Percent On Time 96.06 88.67 87.22 91.28 | Destination ——— Range for Percent On Time 0.55 1.53 165 0.71 | Destination Average Delivery Days 1.07 1.96 2.71 1.79 | Destination +/- Range for Average Delivery Days 0.01 0.04 0.06 0.02 |
|---|---|---|--|---|---|
| Overnight | Capital | 95.58 | 0.60 | 1.09 | 0.02 |
| Two-Day | Capital | 90.72 | 1.42 | 1.91 | 0.04 |
| Three-Day | Capital | 88.53 | 1.61 | 2.58 | 0.06 |
| Total Composite | Capital | 92.02 | 0.68 | 1.78 | 0.02 |
| Overnight | Greater South Carolina | 93.48 | 0.86 | 1.11 | 0.02 |
| Two-Day | Greater South Carolina | 87.29 | 1.59 | 2.03 | 0.05 |
| Three-Day | Greater South Carolina | 82.87 | 1.87 | 3.04 | 0.05 |
| Total Composite | Greater South Carolina | 88.69 | 0.81 | 1.94 | 0.02 |
| Overnight Two-Day Three-Day Total Composite | Greensboro Greensboro Greensboro | 93.93 88.43 84.49 89.69 | 0.91 1.55 1.77 0.77 | 1.11 2.04 2.91 1.89 | 0.02 0.05 0.06 0.02 |
| rnight -ro-Day Three-Day Total Composite | Mid-Carolinas | 92.44 | 0.88 | 1.12 | 0.02 |
| | Mid-Carolinas | 83.49 | 1.77 | 2.15 | 0.05 |
| | Mid-Carolinas | 78.20 | 1.96 | 3.15 | 0.06 |
| | Mid-Carolinas | 85.50 | 0.87 | 2.03 | 0.02 |
| Overnight | Northern Virginia | 95.90 | 0.61 | 1.08 | 0.02 |
| Two-Day | Northern Virginia | 89.49 | 1.47 | 1.95 | 0.04 |
| Three-Day | Northern Virginia | 89.72 | 1.45 | 2.48 | 0.05 |
| Total Composite | Northem Virginia | 91.68 | 0.72 | 1.84 | 0.02 |
| Overnight | Richmond | 95.75 | 0.61 | 1.08 | 0.02 |
| Two-Day | Richmond | 88.38 | 1.53 | 2.06 | 0.05 |
| Three-Day | Richmond | 85.08 | 1.73 | 2.78 | 0.06 |
| Total Composite | Richmond | 89.74 | 0.80 | 1.96 | 0.03 |
| Overnight | Appalachian | 95.07 | 0.92 | 1.09 | 0.02 |
| Two-Day | Appalachian | 88.89 | 1.54 | 2.04 | 0.04 |
| Three-Day | Appalachian | 82.07 | 1.85 | 3.07 | 0.05 |
| Total Composite | Appalachian | 88.32 | 0.90 | 2.11 | 0.02 |

^{*} Results reflect the new PerformanceCluster/Area alignments. The Greensborn,Mid-Carolinas, and Greater South Camlina dusters am now aligned with the Capilal Metro Area. and the Arizona and Nevada-Sierra clusters am now aligned with the Western Area.

EXFC On-Time Service Performance by Performance Cluster, Quarter 1FY 2006

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster Cincinnati Cincinnati Cincinnati Cincinnati | Destination Percent On Time 94.00 88.95 87.73 90.51 | Destination +/- Range for Percent On Time 0.85 1.51 1.67 0.77 | Destination Average Delivery Days 1.09 2.10 2.94 1.96 | Destination+/- Range for Average Delivery Days 0.02 0.06 0.05 0.02 |
|---|--|--|--|---|--|
| Overnight | Northern Ohio | 93.32 | 1.07 | 1.11 | 0.02 |
| Two-Day | Northern Ohio | 86.84 | 1.62 | 2.10 | 0.05 |
| Three-Day | Northern Ohio | 86.38 | 1.67 | 2.95 | 0.05 |
| Total Composite | Northern Ohio | 89.59 | 0.80 | 1.86 | 0.02 |
| Overnight | Columbus | 95.06 | 0.94 | 1.09 | 0.04 |
| Two-Day | Columbus | 90.08 | 1.44 | 2.02 | 0.05 |
| Three-Day | Columbus | 88.84 | 1.54 | 2.88 | 0.05 |
| Total Composite | Columbus | 91.68 | 0.74 | 1.88 | 0.02 |
| Overnight Two-Day Three-Day Total Composite | Erie Erie Erie | 96.02 88.59 82.02 89.07 | 0.59 1.52 1. 90 0.87 | 1.07 2.04 3.10 2.03 | 0.01 0.04 0.06 0.02 |
| ernight wo-Day Three-Day Total Composite | Central Pennsylvania Central Pennsylvania Central Pennsylvania Central Pennsylvania | 94.26 88.41 81.33 88.26 | 0.93 1.54 1.87 0.85 | 1.10 2.04 3.09 2.04 | 0.02 0.04 0.05 0.02 |
| Overnight | Kentuckiana | 94.83 | 1.00 | 1.08 | 0.02 |
| Two-Day | Kentuckiana | 86.72 | 1.62 | 2.07 | 0.05 |
| Three-Day | Kentuckiana | 86.48 | 1.70 | 3.00 | 0.06 |
| Total ComDosite | Kentuckiana | 89.06 | 0.87 | 2.08 | 0.03 |
| Overnight | Philadelphia Metro | 94.69 | 0.70 | 1.09 | 0.02 |
| Two-Day | Philadelphia Metro | 89.75 | 1.48 | 2.07 | 0.05 |
| Three-Day | Philadelphia Metro | 85.39 | 1.72 | 3.04 | 0.05 |
| Total Composite | Philadelphia Metro | 90.75 | 0.72 | 1.90 | 0.02 |
| Overnight | Pittsburgh | 95.00 | 0.67 | 1.08 | 0.01 |
| Two-Day | Pittsburgh | 90.37 | 1.42 | 2.03 | 0.04 |
| Three-Day | Pittsburgh | 86.39 | 1.72 | 3.02 | 0.05 |
| Total Composite | Pittsburgh | 91.47 | 0.70 | 1.84 | 0.02 |

^{*} Results reflect the new Performance Cluster/Area alignments. The Greensborn. Mid-Carolinas, and Greater South Carolina clusters are now aligned with the Capital Metro Area. and the Arizona and Nevada-Sierraclusters are now aligned with the Western Area

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster South Jersey South Jersey South Jersey South Jersey | Destination Percent On Time 94.24 89.79 83.69 88.67 | Destination +/- Range for Percent On Time 0.71 1.43 1.77 0.88 | Destination Average Delivery Days 1.11 2.02 3.10 2.19 | Destination +/- Range for Average Delivery Days 0.02 0.04 0.06 0.03 |
|--|---|---|---|---|---|
| Overnight | Chicago | 90.63 | 1.40 | 1.21 | 0.04 |
| Two-Day | Chicago | 82.75 | 1.86 | 1.91 | 0.06 |
| Three-Day | Chicago | 74.00 | 2.18 | 3.28 | 0.06 |
| Total Composite | Chicago | 82.83 | 1.07 | 2.06 | 0.03 |
| Overnight | Central Illinois | 95.44 | 0.62 | 1.10 | 0.02 |
| Two-Day | Central Illinois | 87.16 | 1.64 | 1.89 | 0.04 |
| Three-Day | Central Illinois | 81.10 | 1.05 | 3.10 | 0.05 |
| Total Composite | Central Illinois | 87.63 | 0.91 | 2.05 | 0.02 |
| Overnight | Detroit | 94.96 | 0.71 | 1.09 | 0.01 |
| Two-Day | Detroit | 89.92 | 1.44 | 2.00 | 0.04 |
| Three-Day | Detroit | 87.27 | 1.59 | 2.92 | 0.05 |
| Total Composite | Detroit | 91.58 | 0.66 | 1.84 | 0.02 |
| emight wo-Day Three-Dav Total Composite | Greater Indiana Greater Indiana Greater Indiana Greater Indiana | 95.01 85.68 85.91 89.38 | 0.66 1.69 1.72 0.78 | 1.09 2.06 2.92 1.95 | 0.02 0.04 0.05 0.02 |
| Overnight | Greater Michigan | 94.87 | 0.71 | 1.10 | 0.03 |
| Two-Day | Greater Michigan | 90.11 | 1.45 | 2.01 | 0.05 |
| Three-Day | Greater Michigan | 84.24 | 1.75 | 3.03 | 0.05 |
| Total Composite | Greater Michigan | 90.11 | 0.77 | 1.98 | 0.03 |
| Overnight | Gateway | 91.56 | 1.33 | 1.17 | 0.03 |
| Two-Day | Gateway | 82.56 | 1.87 | 2.18 | 0.05 |
| Three-Day | Gateway | 84.13 | 1.80 | 3.05 | 0.05 |
| Total Composite | Gateway | 85.81 | 1.00 | 2.22 | 0.03 |
| Overnight | Lakeland | 93.71 | 0.90 | 1.12 | 0.02 |
| Two-Day | Lakeland | 84.65 | 1.77 | 2.12 | 0.05 |
| Three-Day | Lakeland | 81.03 | 1.90 | 3.08 | 0.05 |
| Total Composite | Lakeland | 87.78 | 0.81 | 1.94 | 0.02 |

^{*} Results reflect the new Performance Cluster/Area atignments. The Greensboro, Mid-Carolinas, and Greater South Camlina dusters are now aligned with the Capital Metro Area, and Ihe Arizona and Nevada-Sierra clusters are now aligned with the Western Area.

| | Service Standard | | Destination Percent | Destination+/- Range for | Destination Average Delivery | Destination +/- Ranae for Average Delivery |
|---|------------------------------|--|---------------------|--------------------------|------------------------------|--|
| | Area | Performance Cluster | On Time | Percent On Time | Days | Days |
| | overnight | Northern Illinois | 95.12 | 0.70 | 1.10 1.89 | 0.02 |
| | Two-Day | Northern Illinois | 88.86 83.99 | 1.52 1. 80 | 3.07 | 0.05 0.05 |
| | Three-Day Total Composite | Northern Illinois Northern Illinois | 88.83 | 0.88 | 2.09 | 0.03 |
| | rotal Composite | Northernillinois | 00.03 | 0.00 | 2.09 | 0.03 |
| (| Overnight | Southeast Michigan | 94.99 | 0.72 | 1.08 | 0.01 |
| - | Two-Day | Southeast Michigan | 89.56 | 1.47 | 1.92 | 0.05 |
| | Three-Day | Southeast Michigan | 85.39 | 1.70 | 2.86 | 0.05 |
| | Total composite | Southeast Michigan | 90.82 | 0.71 | 1.81 | 0.02 |
| | Overnight | Caribbean | 90.05 | 3.25 | 1.16 | 0.04 |
| | Three-Day | Caribbean | 50.81 | 3.32 | 3.84 | 0.11 |
| | Total Composite | Caribbean | 78.43 | 2.49 | 1.95 | 0.04 |
| | 0 | | 04.05 | 0.00 | 4.44 | 0.00 |
| | Overnight | Central New Jersey | 94.35 | 0.60 | 1.11 | 0.02 |
| | Two-Day | Central New Jersey | 92.29 | 1.29 | 1,99 3.05 | 0.04 0.06 |
| | Three-Day | Central New Jersey | 85.48 | 1.71 0.63 | 3.05 1.84 | 0.06 |
| | Total Composite | Central New Jersey | 91.52 | 0.03 | 1.04 | 0.02 |
| | ernight | Long Island | 93.93 | 0.77 | 1.11 | 0.02 |
| | P e -Day | Long Island | 88.43 | 1.52 | 2.06 | 0.04 |
| • | ree-Da | Long Island | 84.24 | 1.75 | 3.07 | 0.05 |
| | Total Composite | Long Island | 88.84 | 0.82 | 2.08 | 0.02 |
| | Overnight | Northern New Jersey | 94.48 | 0.62 | 1.11 | 0.02 |
| | Two-Day | Northem New Jersey | 89.67 | 1.46 | 2.06 | 0.05 |
| | Three-Day | Northern New Jersey | 84.80 | 1.73 | 3.01 | 0 04 |
| | Total composite | Northern New Jersey | 90.02 | 0.74 | 1.99 | 0.02 |
| | O mail alb t | Navy Vaul | 02.22 | 0.74 | 4.40 | 0.00 |
| | Overnight | New York New York | 93.33 89.24 | 0.74 1.5 4 | 1.12 2.06 | 0.02 0.06 |
| | Two-Day Three-Day | New York | 82.98 | 1.89 | 3.09 | 0.06 |
| | Total Composite | New York | 89.39 | 0.77 | 1.93 | 0.03 |
| | | | | | | |
| | Overnight | Tribom | 94.57 | 0.57 | 1.11 | 0.02 |
| | Two-Day | Tribom | 90.82 | 1.40 | 2.01 | 0.04 |
| | Three-Day | Tribom | 82.91 | 1.82 | 3.16 | 0.07 |
| - | Total Composite | Triboro | 89.67 | 0.78 | 2.06 | 0.02 |

^{*} Results reflect the New Performance Cluster/Area alignments. The Greensborn. Mid-Camtinas, and Greater South Camlina clusters am now aligned with the Capital Metro Area and the Arizona and Nevada-Sierraclusters am now aligned with the Western Area

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster Westchester WestChester Westchester Westchester | Destination Percent On Time 95.14 92.17 82.13 89.89 | Destination +/- Range for Percent On Time 0.65 1.30 1.85 0.80 | Destination Average Delivery Days 1.09 1.99 3.13 2.09 | Destination +/- Range for Average Delivery Days 0.02 0.05 0.06 0.03 |
|---|---|--|---|---|---|
| Overnight | Albany | 96.44 | 0.55 | 1.06 | 0.02 |
| Two-Day | Albany | 91.92 | 1.33 | 2.02 | 0.04 |
| Three-Day | Albany | 80.37 | 1.91 | 3.12 | 0.05 |
| Total Composite | Albany | 89.97 | 0.78 | 2.03 | 0.02 |
| Overnight Two-Day Three-Day Total Composite | Boston Boston Boston | 95.58 91.72 87.24 92.34 | 0.60 1.34 1.65 0.63 | 1.08 1.95 2.93 1.80 | 0.01 0.05 0.06 0.02 |
| Overnight | Connecticut Connecticut Connecticut Connecticut | 94.41 | 0.74 | 1.10 | 0.02 |
| Two-Day | | 90.00 | 1.44 | 2.05 | 0.04 |
| Three-Day | | 81.78 | 1.83 | 3.1 1 | 0.05 |
| Total Composite | | 89.26 | 0.76 | 1.99 | 0.02 |
| ernight | Maine | 95.27 | 0.59 | 1.09 | 0.02 |
| ro-Day | Maine | 91.09 | 1.38 | 2.03 | 0.05 |
| Three-Day | Maine | 83.18 | 1.79 | 3.04 | 0.05 |
| Total Composite | Maine | 89.83 | 0.78 | 2.02 | 0.02 |
| Overnight | Massachusetts | 93.99 | 0.89 | 1.10 | 0.02 |
| Two-Day | Massachusetts | 89.00 | 1.54 | 2.07 | 0.04 |
| Three-Day | Massachusetts | 81.10 | 1.91 | 3.03 | 0.05 |
| Total Composite | Massachusetts | 88.82 | 0.80 | 1.94 | 0.02 |
| Overnight | New HampshireNermont | 93.82 | 0.80 | 1.11 | 0.02 |
| Two-Day | New HampshireNermont | 90.22 | 1.44 | 2.05 | 0.05 |
| Three-Day | New Hampshire/Vermont | 84.40 | 1.82 | 3.02 | 0.05 |
| Total Composite | New HampshireNermont | 88.95 | 0.88 | 2.16 | 0.03 |
| Overnight | Southeast New England | 94.26 | 0.67 | 1.11 | 0.02 |
| Two-Day | Southeast New England | 91.62 | 1.38 | 2.02 | 0.04 |
| Three-Day | Southeast New England | 83.43 | 1. 80 | 3.07 | 0.05 |
| Total Composite | Southeast New England | 90.22 | 0.72 | 1.96 | 0.02 |

^{*} Results reflect the new Performance Cluster/Area alignments. The Greensboro, Mid-Carolinas, and Greater South Camlina clusters are now aligned with the Capital Metro Area, and the Arizona and Nevada-Sierra clusters are now aligned with Me Western Area.

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster Western New York Western New York Western New York Western New York | Destination Percent On Time 94.41 90.09 84.32 90.72 | Destination+/- Range for Percent On Time 0.75 1.47 1.75 0.69 | Destination Average Delivery Days 1.07 2.05 3.00 1.82 | Deslinalion +/- Range for Average Delivery Days 0.03 0.04 0.05 0.02 |
|---|---|--|--|---|---|
| Overnight | Honolulu | 95.21 | 1.16 | 1.09 | 0.03 |
| Three-Day | Honolulu | 64.87 | 2.03 | 3.25 | 0.07 |
| Total Composite | Honolulu | 82.54 | 1.08 | 1.99 | 0.03 |
| Overnight | Los Angeles | 93.55 | 0.71 | 1.12 | 0.02 |
| Two-Day | Los Angeles | 89.06 | 1.62 | 2.02 | 0.04 |
| Three-Day | Los Angeles | 81.48 | 1.89 | 3.05 | 0.07 |
| Total Composite | Los Angeles | 88.47 | 0.81 | 1.96 | 0.03 |
| Overnight | Bay-Valley | 94.66 | 0.66 | 1.11 | 0.02 |
| Two-Day | Bay-Valley | 89.33 | 1.56 | 2.02 | 0.05 |
| Three-Day | Bay-Valley | 83.43 | 1.85 | 2.94 | 0.06 |
| Total Composite | Bay-Valley | 88.82 | 0.90 | 2.07 | 0.03 |
| -Day | Sacramento | 94.01 | 0.71 | 1.11 | 0.02 |
| -Day | Sacramento | 92.28 | 1.30 | 1.99 | 0.04 |
| -Tee-Day | Sacramento | 81.55 | 1.94 | 3.06 | 0.06 |
| Total Composite | Sacramento | 89.15 | 0.81 | 2.04 | 0.02 |
| Overnight | San Diego | 94.22 | 0.70 | 1.10 | 0.02 |
| Two-Day | San Diego | 91.50 | 1.41 | 1.83 | 0.04 |
| Three-Day | San Diego | 84.65 | 1.77 | 2.96 | 0.06 |
| Total Composite | San Diego | 89.75 | 0.82 | 2.01 | 0.02 |
| Overnight | San Francisco | 94.05 | 0.67 | 1.12 | 0.02 |
| Two-Day | San Francisco | 89.99 | 1.59 | 1.99 | 0.04 |
| Three-Day | San Francisco | 04.24 | 1.89 | 3.09 | 0.05 |
| Total Composite | San Francisco | 89.46 | 0.86 | 2.05 | 0.02 |
| Overnight | Santa Ana | 93.46 | 0.71 | 1.10 | 0.01 |
| Two-Day | Santa Ana | 90.19 | 1. 50 | 2.07 | 0.05 |
| Three-Day | Santa Ana | 82.22 | 1. 88 | 2.95 | 0.07 |
| Total Composile | Santa Ana | 89.00 | 0.79 | 1.89 | 0.03 |

^{*} Results reflect the new Performance Cluster/Area alignments. The Greensborn. Mid-Carolinas, and Greater South Carolina clusters are now aligned with the Capital Metm Area. and the Arizona and Nevada-Sierra clusters are now aligned with the Western Area.

EXFC On-Time Service Performance by Performance Cluster, Quarter 1 FY 2006

| | Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster Van Nuys Van Nuys Van Nuys Van Nuys | Destination Percent On Time 94.22 90.20 73.98 85.29 | Destination+/- Range for Percent On Time 0.74 1.51 2.17 0.97 | Destination Average Delivery Days 1.10 1.94 3.15 2.10 | Destination ——I- Range for Average Delivery Days 0.02 0.05 0.09 004 |
|---|---|---|--|--|---|---|
| | Overnight | Alabama | 94.97 | 1.14 | 1.10 | 0.02 |
| | Two-Day | Alabama | 85.92 | 1.66 | 2.14 | 0.05 |
| | Three-Day | Alabama | 86.61 | 1.66 | 3.01 | 0.05 |
| | Total Composite | Alabama | 89.56 | 0.88 | 2.08 | 0.02 |
| | Overnight | Atlanta | 94.44 | 0.70 | 1.14 | 0.02 |
| | Two-Day | Atlanta | 83.17 | 1.77 | 2.17 | 0.05 |
| | Three-Day | Atlanta | 86.86 | 1.62 | 2.97 | 0.05 |
| | Total Comoosite | Atlanta | 88.69 | 0.80 | 2.08 | 0.02 |
| | Overnight | Central Florida | 91.97 | 1.22 | 1.17 | 0.04 |
| | Two-Day | Central Florida | 82.73 | 1.93 | 2.22 | 0.06 |
| | Three-Day | Central Florida | 78.48 | 2.02 | 3.15 | 0.06 |
| | Total Composite | Central Florida | 83.14 | 1.18 | 2.41 | 0.04 |
| | rnight | Mississippi | 95.04 | 0.72 | 1.12 | 0.03 |
| ` | wo-Day | Mississippi | 81.86 | 2.14 | 2.19 | 0.06 |
| | Three-Day | Mississippi | 82.63 | 2.31 | 3.06 | 0.06 |
| | Total Composite | Mississippi | 86.69 | 1.09 | 2.15 | 0.03 |
| | Overnight | North Florida | 91.17 | 1.72 | 1.15 | 0.03 |
| | Two-Day | North Florida | 81.25 | 1.79 | 2.19 | 0.06 |
| | Three-Day | North Florida | 79.80 | 2.01 | 3.14 | 0.06 |
| | Total Composite | North Florida | 83.29 | 1.16 | 2.36 | 0.03 |
| | Overnight | South Florida | 94.12 | 1.08 | 1.15 | 0.04 |
| | Two-Day | South Florida | 86.93 | 1.90 | 2.10 | 0.06 |
| | Three-Day | South Florida | 72.16 | 2.15 | 3.30 | 0.07 |
| | Total ComDosite | South Florida | 81.35 | 1.24 | 2.43 | 0.04 |
| | Overnight | South Georgia | 94.70 | 0.64 | 1.11 | 0.02 |
| | Two-Day | South Georgia | 88.87 | 1.48 | 1.99 | 0.04 |
| | Three-Day | South Georgia | 83.28 | 1.78 | 3.02 | 0.07 |
| | Total Composite | South Georgia | 87.96 | 0.91 | 2.21 | 0.03 |

^{*} Results reflect the new Performance Cluster/Area alignments. The Greensboro. Mid-Carolinas, and Greater South Carolina Clusters are now aligned with the Capital Metro Area, and the Arizona and Nevada-Sierra clusters are now aligned with the Western Area

EXFC On-Time Service Performance by Performance Cluster, Quarter 1FY 2006

| | Sewice Standard | | Destination Percent | • | Destination Average Delivery | |
|---|---------------------|---------------------|---------------------|-----------------|---------------------------------|------|
| | Area | Performance Cluster | On Time | Percent On Time | Days | Days |
| | Overnight | Suncoast | 93.17 | 1.11 | 1.13 | 0.02 |
| | Two-Day | Suncoast | 86.63 | 1.64 | 2.10 | 0.04 |
| | Three-Day | Suncoast | 80.69 | 1.87 | 3.05 | 0.05 |
| | Total Composite | Suncoast | 85.41 | 1.06 | 2.32 | 0.03 |
| | | | | | | |
| | Overnight | Tennessee | 93.73 | 0.89 | 1.12 | 0.03 |
| | Two-Day | Tennessee | 93.73 84.57 | 1.71 | 2.15 | 0.05 |
| | Three-Day | Tennessee | 86.49 | 1.63 | 2.15 | 0.05 |
| | • | | | 0.85 | | |
| | Total Composile | Tennessee | 88.26 | 0.00 | 2.04 | 0.03 |
| | | • " | | 4.00 | | |
| | Overnight | Albuquerque | 94.02 | 1.00 | 1.12 | 0.03 |
| | Two-Day | Albuquerque | 83.59 | 1.96 | 2.21 | 0.06 |
| | Three-Day | Albuquerque | 78.34 | 2.00 | 3.19 | 0.07 |
| | Total Composite | Albuquerque | 84.58 | 1.12 | 2.33 | 0.04 |
| | | | | | | |
| | Overnight | Arkansas | 95.34 | 0.60 | 1.09 | 0.02 |
| | Two-Day | Arkansas | 86.97 | 1.61 | 2.07 | 0.05 |
| | Three-Day | Arkansas | 85.11 | 1.74 | 3.01 | 0.05 |
| | Total Composite | Arkansas | 88.94 | 0.86 | 2.14 | 0.03 |
| _ | | | | | | |
| | ∍rnight | Dallas | 93.62 | 1.00 | 1.12 | 0.02 |
| • | vo-Day | Dallas | 86.84 | 1.70 | 2.08 | 0.04 |
| | Three-Day | Dallas | 82.21 | 1.86 | 2.94 | 0.05 |
| | Total Composite | Dallas | 86.98 | 0.97 | 2.15 | 0.03 |
| | | | | | | |
| | Overnight | Fort Worth | 93.77 | 1.03 | 1.12 | 0.03 |
| | Two-Day | Fort Worth | 88.98 | 1.48 | 1.99 | 0.04 |
| | Three-Day | Fort Worth | 80.12 | 1.92 | 3.02 | 0.06 |
| | Total Composite | Fort Worth | 86.66 | 0.98 | 2.15 | 0.03 |
| | · | | | | | |
| | Overnight | Houston | 93.30 | 0.80 | 1.13 | 0.03 |
| | Two-Day | Houston | 87.88 | 1.79 | 2.09 | 0.05 |
| | Three-Day | Houston | 78.85 | 1.98 | 3.05 | 0.06 |
| | Total Composite | Houston | 85.59 | 1.01 | 2.20 | 0.03 |
| | . Clair & Chipodilo | | 33.00 | | | 0.00 |
| | Overnight | Louisiana | 89.05 | 1.99 | 1.23 | 0.07 |
| | Two-Day | Louisiana | 61.40 | 3.61 | 2.50 | 0.09 |
| | Three-Day | Louisiana | 67.35 | 3.46 | 3.50 | 0.09 |
| | Total Composite | | | | | 0.12 |
| | rotal Composite | Louisiana | 75.09 | 1.70 | 2.36 | 0.00 |

^{*} Results reflect the new Performance Cluster/Area alignments. The Greensborn Mid-Carolinas, and Greater South Camlina clusters are now aligned with the Capital Metro Area. and the Arizona and Nevada-Sierra dusters are now aligned with the Western Area.

EXFC On-lime Service Performance by Performance Cluster, Quarter 1 FY 2006

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster Oklahoma Oklahoma Oklahoma Oklahoma | Destination Percent On Time 95.21 88.44 84.45 89.69 | Destination+/- Range for Percent On Time 0.63 1.54 1.77 0.80 | Destination Average Delivery Days 1.08 2.07 2.93 1.99 | Destination +/- Range for Average Delivery Days 0.01 0.05 0.05 0.02 |
|---|--|---|--|---|---|
| Overnight | Rio Grande , | 94.39 | 0.72 | 1.10 | 0.02 |
| Two-Day | Rio Grande | 89.96 | 1.50 | 1.97 | 0.05 |
| Three-Day | Rio Grande | 84.27 | 1.77 | 2.82 | 0.0 5 |
| Total Composite | Rio Grande | 88.66 | 0.92 | 2.10 | 0.03 |
| Two-Day | Alaska | 96.19 | 1.32 | 1.22 | 0.05 |
| Three-Day | Alaska | 64.45 | 2.32 | 3.49 | 0.07 |
| Total Composite | Alaska | 77.72 | 1.46 | 2.54 | 0.04 |
| Overnight | Big Sky | 96.79 | 0.48 | 1.06 | 0.01 |
| Two-Day | Big Sky | 92.53 | 1.61 | 1.68 | 0.04 |
| Three-Day | Big Sky | 77.27 | 2.02 | 3.24 | 0.06 |
| Total Composite | Big Sky | 86.39 | 1.06 | 2.24 | 0.03 |
| Devernight | Central Plains Central Plains Central Plains Central Plains | 95.89 86.00 84.90 89.50 | 0.73 1.68 1.76 0.82 | 1.06 2.10 3.00 2.03 | 0.01 0.04 0.05 0.02 |
| Overnight | Dakotas | 95.36 | 1.24 | 1.09 | 0.03 |
| Two-Day | Dakotas | 92.53 | 1.42 | 2.00 | 0.04 |
| Three-Day | Dakotas | 81.24 | 1.89 | 2.98 | 0.06 |
| Total Composite | Dakotas | 88.80 | 0.98 | 2.08 | 0.03 |
| Overnight | Colorado/Wyoming | 95.57 | 0.58 | 1.10 | 0.02 |
| Two-Day | Colorado/Wyoming | 66.64 | 1.56 | 1.90 | 0.05 |
| Three-Day | ColoradWyoming | 84.25 | 1.80 | 2.83 | 0.06 |
| Total Composite | ColoradoMlyoming | 88.45 | 1.02 | 2.15 | 0.03 |
| Overnight | Hawkeye | 96.38 | 0.54 | 1.07 | 0.01 |
| Two-Day | Hawkeye | 89.93 | 1.48 | 2.03 | 0.05 |
| Three-Day | Hawkeye | 84.06 | 1.78 | 3.02 | 0.05 |
| Total Composite | Hawkeye | 89.38 | 0.87 | 2.16 | 0.03 |

^{*} Results reflect the new PerformanceCluster/Area alignments. The Greensboro. Mi-Caminas. and Greater South Carolinaclusters are now aligned with the Capital Melm Area, and me Arizona and Nevada-Sinsclusters are now aligned with the Western Area.

EXFC On-Time Service Performance by Performance Cluster, Quarter 1FY 2006

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster Nevada-Sierra Nevada-Sierra Nevada-Sierra Nevada-Sierra | Destination Percent On Time 93.17 84.14 84.75 86.54 | Destination+/- Range for Percent On Time 1.19 1.86 1.79 1.13 | Destination Average Delivery Days 1.12 2.19 2.85 2.33 | Destination+/- Range for Average Delivery Days 0.02 0.06 0.06 0.04 |
|---|---|--|--|---|--|
| Overnight | Mid-America | 95.00 | 0.82 | 1. 09 | 0.01 |
| Two-Day | Mid-America | 80.44 | 1.96 | 2.14 | 0.04 |
| Three-Day | Mid-America | 84.59 | 1.77 | 2.93 | 0.05 |
| Total Composite | Mid-America | 87.03 | 0.88 | 2.04 | 0.02 |
| Overnight | Northland | 94.77 | 0.83 | 1.10 | 0.02 |
| Two-Day | Northland | 91.96 | 1.32 | 1. 90 | 0.04 |
| Three-Day | Northland | 88.69 | 1.52 | 2.92 | 0.04 |
| Total Composite | Northland | 91.92 | 0.72 | 1.94 | 0.02 |
| Overnight | Arizona | 93.38 | 0.86 | 1.11 | 0.02 |
| Two-Day | Arizona | 83.91 | 1.85 | 2.11 | 0.05 |
| Three-Day | Arizona | 81.45 | 1.88 | 3.05 | 0.05 |
| Total Composite | Arizona | 85.39 | 1.11 | 2.33 | 0.03 |
| ernight wo-Day Three-Day Total Composite | Portland Portland Portland Portland | 95.32 94.68 88.02 91.78 | 0.61 1.19 1.59 0.81 | 1.08 1.88 2.48 1.85 | 0.02 0.04 0.05 0.03 |
| Overnight | Salt Lake City | 93.58 | 1.27 | 1.11 | 0.03 |
| Two-Day | Salt Lake City | 87.20 | 2.09 | 2.07 | 0.05 |
| Three-Day | Salt Lake City | 84.73 | 1.75 | 2.82 | 0.05 |
| Total Composite | Salt Lake City | 87.86 | 1.16 | 2.20 | 0.03 |
| Overnight | Seattle | 95.97 | 0.57 | 1.07 | 0.02 |
| Two-Day | Seattle | 94.59 | 1.17 | 2.01 | 0.05 |
| Three-Day | Seattle | 87.31 | 1.60 | 2.80 | 0.05 |
| Total Composite | Seattle | 91.78 | 0.80 | 1.95 | 0.02 |
| Overnight | Spokane | 96.09 | 0.78 | 1.07 | 0.01 |
| Two-Day | Spokane | 92.34 | 1.40 | 1.98 | 0.05 |
| Three-Day | Spokane | 83.83 | 1.77 | 2.70 | 0.06 |
| Total Composite | Spokane | 89.54 | 0.93 | 2.01 | 0.03 |

^{*} Results reflect the new Performance Cluster/Area alignments. The Greensboro, Mid-Carolinas, and Greater South Carolina dusters are now aligned with the Capital Metro Area, and me Arizona and Nevada-Sierra clusters are now aligned with me Western Area.

EXFC On-Time Service Performance by Performance Cluster, Quarter 1 FY 2006

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster Capital Metro Capital Metro Capital Metm Capital Metro | Destination Percent On Time 94.62 87.93 84.85 89.65 | Destination+/- Range for Percent On Time 0.31 0.64 0.72 0.32 | Destination Average Delivery Days 1.10 2.02 2.83 1.89 | Destination +/- Range for Average Delivery Days 0.01 0.02 0.02 0.01 |
|--|--|--|--|---|---|
| Overnight | EasternArea | 94.46 | 0.31 | 1.09 | 0.01 |
| Two-Day | EasternArea | 88.72 | 0.52 | 2.06 | 0.02 |
| Three-Day | EasternArea | 85.13 | 0.64 | 3.02 | 0.02 |
| Total Composite | Eastern Area | 89.72 | 0.29 | 1.99 | 0.01 |
| Overnight | Great Lakes Area | 94.11 | 0.31 | 1.11 | 0.01 |
| Two-Day | Great Lakes Area | 86.38 | 0.63 | 2.00 | 0.02 |
| Three-Day | Great Lakes Area | 83.12 | 0.67 | 3.04 | 0.02 |
| Total Composite | Great Lakes Area | 88.16 | 0.32 | 2.01 | 0.01 |
| Overnight | New York Metro Area | 93.83 | 0.42 | 1.11 | 0.01 |
| Two-Day | New York Metm Area | 90.20 | 0.63 | 2.03 | 0.02 |
| Three-Day | New York Metro Area | 82.07 | 0.77 | 3.12 | 0.02 |
| Total Composite | New York Metro Area | 89.26 | 0.34 | 1.99 | 0.01 |
| ernight | Northeast Area | 94.71 | 0.28 | 1.09 | 0.01 |
| vo-Day | Northeast Area | 90.68 | 0.56 | 2.03 | 0.02 |
| Three-Day | Northeast Area | 82.82 | 0.74 | 3.05 | 0.02 |
| Total Composite | Northeast Area | 89.88 | 0.30 | 1.97 | 0.01 |
| Overnight | Pacific Area | 94.00 | 0.29 | 1.11 | 0.01 |
| Two-Day | Pacific Area | 90.68 | 0.61 | 1.97 | 0.02 |
| Three-Day | Pacific Area | 80.77 | 0.75 | 3.03 | 0.03 |
| Total Composite | Pacific Area | 88.27 | 0.34 | 2.01 | 0.01 |
| Overnight | Southeast Area | 93.75 | 0.36 | 1.13 | 0.01 |
| Two-Day | Southeast Area | 84.51 | 0.69 | 2.14 | 0.02 |
| Three-Day | Southeast Area | 81.70 | 0.67 | 3.06 | 0.02 |
| Total Composite | Southeast Area | 86.26 | 0.37 | 2.22 | 0.01 |
| Overnight | Southwest Area | 93.41 | 0.42 | 1.13 | 0.01 |
| Two-Day | Southwest Area | 84.86 | 0.79 | 2.10 | 0.02 |
| Three-Day | Southwest Area | 80.56 | 0.81 | 3.02 | 0.02 |
| Total Composite | Southwest Area | 85.96 | 0.43 | 2.16 | 0.01 |
| | | | | | |

^{*} Results reflect the new Performance Cluster/Area alignments. The Greensboro. Mid-Carolinas. and Greater South Carolina clusters are now aligned with the Capillai Metro Area. and the Arizona and Nevada-Sierra clusters are now aligned wim the Western Area.

| | | | Deslinalion+/- | Destination | Deslinalion +/- Range for |
|------------------|--------------------|---------------------|-----------------|------------------|------------------------------|
| Service Standard | | Destination Percent | Range for | Average Delivery | • |
| Area | PerformanceCluster | On Time | Percent On Time | Days | Days |
| Overnight | Western Area | 95.17 | 0.23 | 1.09 | 0.01 |
| Two-Day | Western Area | 88.34 | 0.53 | 2.00 | 0.02 |
| Three-Day | Western Area | 84.54 | 0.56 | 2.89 | 0.02 |
| Total Composite | Western Area | 88.99 | 0.30 | 2.09 | 0.01 |
| | | | | | |
| Overnight | Nation | 94.29 | 0.11 | 1.11 | 0.00 |
| Two-Day | Nation | 87.90 | 0.23 | 2.04 | 0.01 |
| Three-Day | Nation | 82.89 | 0.30 | 3.00 | 0.01 |
| Total Cornposile | Nation | 88.41 | 0.14 | 2.05 | 0.00 |

^{*} Results reflect the new Performance Cluster/Area alignments. The Greensboro, Mi-Carolinas, and Greater South Camlina dusters are now aligned with the Capital MelmArea, and the Arizona and Nevada-Sierra clusters are now aligned with the Western Area.

| Service Standard | | Destination Percent | Destination+/- Range for | Destination Average Delivery | Destination+/- Range for Average Delivery |
|------------------|------------------------|---------------------|-----------------------------|---------------------------------|---|
| Area | Performance Cluster | On Time | Percent On Time | Days | Days |
| Overnight | Baltimore | 96.16 | 0.53 | 1.07 | 0.01 |
| Two-Day | Baltimore | 89.69 | 1.48 | 1.97 | 0.04 |
| Three-Day | Baltimore | 91.92 | 1.37 | 2.54 | 0.05 |
| Total Composite | Baltimore | 92.87 | 0.65 | 1.75 | 0.02 |
| rotal composite | Balamore | 32.01 | 0.00 | 1.70 | 0.02 |
| Overnight | Capital | 96.77 | 0.52 | 1.07 | 0.02 |
| Two-Day | Capital | 91.92 | 1.33 | 1.96 | 0.04 |
| Three-Day | Capital | 93.16 | 1.26 | 2.48 | 0.05 |
| Total Composite | Capital | 94.25 | 0.59 | 1.75 | 0.02 |
| | | | | | |
| Overnight | Greater South Carolina | 94.10 | 0.71 | 1.10 | 0.02 |
| Two-Day | Greater South Carolina | 84.71 | 1.68 | 2.09 | 0.04 |
| Three-Day | Greater South Carolina | 83.14 | 1.78 | 3.04 | 0.05 |
| Total Composite | Greater South Carolina | 88.53 | 0.76 | 1.95 | 0.02 |
| | | | | | |
| Overnight | Greensboro | 95.36 | 1.01 | 1.11 | 0.04 |
| Two-Day | Greensboro | 88.27 | 1.55 | 2.05 | 0.06 |
| Three-Day | Greensboro | 87.96 | 1.68 | 2.84 | 0.05 |
| Total Composite | Greensboro | 91.24 | 0.78 | 1.87 | 0.03 |
| | | | | | |
| ernight | Mid-Carolinas | 92.94 | 0.77 | 1.14 | 0.02 |
| vo-Day | Mid-Carolinas | 84.55 | 1.72 | 2.08 | 0.05 |
| Three-Day | Mid-Carolinas | 82.67 | 1.82 | 3.11 | 0.05 |
| Total Composite | Mid-Carolinas | 87.34 | 0.82 | 2.01 | 0.02 |
| O same lake | Nicothera Venezala | 05.40 | 0.00 | 4.40 | 0.00 |
| Overnight | Northern Virginia | 95.49 | 0.82 | 1.10 | 0.02 |
| Two-Day | Norlhern Virginia | 91.27 | 1.32 | 1.95 | 0.04 |
| ,Three-Day | Northern Virginia | 92.88 | 1.27 | 2.42 | 0.05 |
| Total Composite | Northern Virginia | 93.19 | 0.67 | 1.83 | 0.02 |
| Overnight | Richmond | 06.30 | 0.55 | 1.08 | 0.02 |
| Overnight | | 96.30 88.71 | 0.55 1, 50 | 2.06 | 0.02 |
| Two-Day | Richmond | | | | |
| Three-Day | Richmond | 89.72 | 1.45 | 2.57 | 0.05 |
| Total Composite | Richmond | 91.45 | 0.74 | 1.91 | 0.02 |
| Overnight | Appalachian | 96.42 | 0.56 | 1.06 | 0.01 |
| | | 96.42 86.27 | | 2.09 | 0.04 |
| Two-Day | Appalachian | | 1.61 | | |
| Three-Day | Appalachian | 83.84 | 1.76 | 3.05 | 0.05 |
| Total Composite | Appalachian | 88.21 | 0.88 | 2.12 | 0.02 |

[•] Results reflect the new Performance Cluster/Area alignments. The Greensboro, Mid-Carolinas, and Greater South Carolina dusters am now aligned with the Capital Metro Area. and the Arizona and Nevada-Sierra clusters are now aligned will the Western Area.

EXFC On-Time Service Performance by Performance Cluster, Quarter 2 FY 2006

| Service Standard Area Overnight Two-Day Three-Day | PerformanceCluster Cincinnati Cincinnati Cincinnati | Destinalion Percent On Time 94.56 89.74 90.22 | Destination+/- Range for Percenton Time 1.18 1.48 1.46 | Destination Average Delivery Days 1.11 2.06 2.88 | Destination +/- Ranae for Average-Delivery bays 0.03 0.04 0.05 |
|---|--|---|--|---|--|
| Total Composite | Cincinnati | 91.69 | 0.79 | 1.95 | 0.02 |
| Overnight | Northern Ohio | 93.07 | 0.76 | 1.13 | 0.02 |
| Two-Day | Northern Ohio | 88.86 | 1.47 | 2.08 | 0.04 |
| Three-Day | Northern Ohio | 87.68 | 1.56 | 2.90 | 0.04 |
| Total Composite | Northern Ohio | 90.42 | 0.69 | 1. 85 | 0.02 |
| Overnight | Columbus | 94.94 | 0.63 | 1.10 | 0.02 |
| Two-Day | Columbus | 93.50 | 1.19 | 1.98 | 0.03 |
| Three-Day | Columbus | 91.62 | 1.37 | 2.82 | 0.04 |
| Total Composite | Columbus | 93.56 | 0.61 | 1.86 | 0.02 |
| overnight | Erie | 96.34 | 0.91 | 1.06 | 0.02 |
| Two-Day | Erie | 90.26 | 1.41 | 2.04 | 0.04 |
| Three-Day | Erie | 88.48 | 1.54 | 2.99 | 0.05 |
| Total Composite | Erie | 91.56 | 0.81 | 2.00 | 0.02 |
| rnight o-Day Three-Day Total Composite | Central Pennsylvania | 95.07 | 0.69 | 1.07 | 0.01 |
| | Central Pennsylvania | 90.04 | 1.42 | 2.03 | 0.04 |
| | Central Pennsylvania | 87.53 | 1.56 | 2.96 | 0.04 |
| | Central Pennsylvania | 90.97 | 0.74 | 2.00 | 0.02 |
| Overnight | Kentuckiana | 94.20 | 1.07 | 1.10 | 0.02 |
| Two-Day | Kentuckiana | 85.40 | 1.78 | 2.11 | 0.05 |
| Three-Day | Kentuckiana | 86.76 | 1.66 | 3.02 | 0.06 |
| Total Composite | Kentuckiana | 88.49 | 0.95 | 2.11 | 0.03 |
| Overnight | Philadelphia Metro | 94.12 | 0.87 | 1.11 | 0.02 |
| Two-Day | Philadelphia Metro | 90.06 | 1.45 | 2.07 | 0.04 |
| Three-Day | Philadelphia Metro | 87.88 | 1.62 | 2.95 | 0.04 |
| Total Composite | Philadelphia Metro | 91.21 | 0.73 | 1.89 | 0.02 |
| Overnight | Pittsburgh | 95.20 | 0.81 | 1.07 | 0.01 |
| Two-Day | Pittsburgh | 90.34 | 1.41 | 2.10 | 0.05 |
| Three-Day | Pittsburgh | 91.17 | 1.39 | 2.92 | 0.04 |
| Total Composite | Pittsburgh | 92.54 | 0.69 | 1.84 | 0.02 |

^{*} Results reflect the new Performance Cluster/Area alignments. The Greensboro. Mid-Carolinas, and Greeter South Camlina clusters are now aligned with the Capital Metro Area. and the Arizona and Nevada-Sierra clusters are now aligned with the Western Area

| Service Standa Area Overnight Two-Day Three-Day Total Composite | Performance Cluster South Jersey South Jersey South Jersey | Destination Percent On Time 94.73 90.90 88.57 90.96 | Destination # Range for Percent On Time 0.62 1.34 1.54 0.79 | Destination Average Delivery Days 1.09 2.03 2.98 2.15 | Destination+/- Range for Average Delivery Days 0.02 0.03 0.04 0.02 |
|--|---|--|---|---|--|
| Overnight | Chicago | 93.32 | 0.74 | 1.17 | 0.03 |
| Two-Day | Chicago | 87.21 | 1.60 | 1.83 | 0.07 |
| Three-Day | Chicago | 81.77 | 1.88 | 3.16 | 0.07 |
| Total Composite | e Chicago | 87.62 | 0.87 | 1.99 | 0.04 |
| Overnight | Central Illinois | 95.97 | 0.61 | 1.09 | 0.02 |
| Two-Day | Central Illinois | 87.95 | 1.53 | 1.88 | 0.04 |
| Three-Day | Central Illinois | 83.23 | 1.03 | 3.06 | 0.05 |
| Total Composite | Central Illinois | 88.77 | 0.85 | 2.03 | 0.02 |
| Overnight | Detroit | 95.92 | 0.56 | 1.09 | 0.02 |
| Two-Day | Detroit | 88.91 | 1.52 | 2.02 | 0.04 |
| Three-Day | Detroit | 89.02 | 1.49 | 2.87 | 0.05 |
| Total Composite | e Detroit | 92.38 | 0.61 | 1.82 | 0.02 |
| rnight wo-Day Three-Day Total Composite | Greater Indiana | 95.97 | 0.52 | 1.07 | 0.02 |
| | Greater Indiana | 86.11 | 1.62 | 2.09 | 0.04 |
| | Greater Indiana | 88.33 | 1.51 | 2.87 | 0.05 |
| | e Greater Indiana | 90.64 | 0.71 | 1.93 | 0.02 |
| Overnight | Greater Michigan | 95.32 | 0.63 | 1.09 | 0.01 |
| Two-Day | Greater Michigan | 90.55 | 1.39 | 2.00 | 0.04 |
| Three-Day | Greater Michigan | 84.90 | 1.72 | 2.96 | 0.04 |
| Total Composit | e Greater Michigan | 90.61 | 0.74 | 1.95 | 0.02 |
| Overnight | Gateway | 94.18 | 0.70 | 1.13 | 0.02 |
| Two-Day | Gateway | 89.24 | 1.52 | 2.08 | 0.05 |
| Three-Day | Gateway | 87.84 | 1.60 | 2.95 | 0.05 |
| Total Composit | e Gateway | 90.18 | 0.81 | 2.13 | 0.03 |
| Overnight | Lakeland | 95.76 | 0.76 | 1.08 | 0.02 |
| Two-Day | Lakeland | 88.45 | 1.52 | 2.06 | 0.04 |
| Three-Day | Lakeland | 88.10 | 1.57 | 2.94 | 0.06 |
| Total Composite | e Lakeland | 91.76 | 0.68 | 1.86 | 0.02 |

^{*} Results reflect me new Performance Cluster/Area alignments. The Greensboro, Mid-Carolinas, and Greater South Camlina dusters are now aligned with the Capital Melm Area. and the Arizona and Nevada-Sierra clusters are now aligned with the Western Area.

| Service Standard | ı | Destination Percent | Destination+/- Range for | Destination Average Delivery | Destination+/- Range for Average Delivery |
|------------------|---------------------|---------------------|-----------------------------|---------------------------------|---|
| Area | Performance Cluster | On Time | PercenIbn Time | Days | Days |
| Overnight | Northern Illinois | 96.09 | 0.56 | 1.08 | 0.02 |
| Two-Day | Northern Illinois | 89.69 | 1.43 | 1.88 | 0.05 |
| Three-Day | Northern Illinois | 85.45 | 1.71 | 3.01 | 0.05 |
| Total Composite | Northern Illinois | 89.93 | 0.83 | 2.06 | 0.03 |
| | | | | | |
| Overnight | Southeast Michigan | 95.32 | 0.63 | 1.10 | 0.02 |
| Two-Day | Southeast Michigan | 90.59 | 1.39 | 1.88 | 0.04 |
| Three-Day | Southeast Michigan | 85.78 | 1.67 | 2.90 | 0.05 |
| Total ComDosite | Southeast Michigan | 91.36 | 0.67 | 1.82 | 0.02 |
| | | | | | |
| Overnight | Caribbean | 94.26 | 1.01 | 1.11 | 0.03 |
| Three-Day | Caribbean | 46.54 | 3.18 | 3.92 | 0.10 |
| Total Composite | Caribbean | 80.33 | 1.17 | 1.93 | 0.04 |
| | | | | | |
| Overnight | Central New Jersey | 95.06 | 0.54 | 1.09 | 0.01 |
| Two-Day | Central New Jersey | 90.16 | 1.44 | 2.06 | 0.04 |
| Three-Day | Central New Jersey | 88.72 | 1.52 | 2.93 | 0.05 |
| Total Composite | Central New Jersey | 92.11 | 0.61 | 1.83 | 0.02 |
| | | | | | |
| ernight | Long Island | 95.71 | 0.55 | 1.07 | 0.01 |
| b-Day | Long Island | 90.15 | 1.42 | 2.04 | 0.04 |
| ree-Day | Long Island | 87.01 | 1.63 | 3.02 | 0.05 |
| Total Composite | Long Island | 90.90 | 0.75 | 2.05 | 0.02 |
| | | | | | |
| Overnight | Northem New Jersey | 94.80 | 0.63 | 1.11 | 0.02 |
| Two-Day | Northern New Jersey | 88.48 | 1.54 | 2.08 | 0.04 |
| ,Three-Day | Northern New Jersey | 86.84 | 1.63 | 3.03 | 0.05 |
| Total Comoosite | Northern New Jersey | 90.32 | 0.75 | 2.00 | 0.02 |
| _ | | | | | |
| Overnight | New York | 94.19 | 0.66 | 1.12 | 0.02 |
| Two-Day | New York | 91.57 | 1.36 | 2.04 | 0.04 |
| Three-Day | New York | 88.06 | 1.62 | 2.98 | 0.05 |
| Total Composite | New York | 91.77 | 0.68 | 1.90 | 0.02 |
| Or so mainted | Tuils and | 04.00 | 0.40 | 4.40 | 0.04 |
| Overnight | Triboro | 94.88 | 0.48 | 1.10 | 0.01 |
| Two-Day | Triboro | 89.46 | 1.53 | 2.09 | 0.05 |
| Three-Day | Triboro | 86.63 | 1.67 | 3.01 | 0.04 |
| Total Composite | Tribom | 90.35 | 0.78 | 2.05 | 0.02 |

^{*} Results reflect me new PerformanceCluster/Area alignments. The Greensborn. Mid-Carolinas, and Greater South Camlina clusters are now aligned with the Capital Metro Area, and the Arizona and Nevada-Sierra clusters are now aligned with the Western Area

EXFC On-Time Service Performance by Performance Cluster. Quarter 2 FY 2006

| | | | | Destination+/- | Destination | Destination +/- Range for |
|---|------------------|-----------------------|---------------------|-----------------|------------------|------------------------------|
| | Service Standard | | Destination Percent | | Average Delivery | Average Delivery |
| | Area | Performance Cluster | On Time | Percent On Time | Days | Days |
| | Overnight | Westchester | 95.91 | 0.55 | 1. 09 | 0.02 |
| | Two-Day | Westchester | 93.09 | 1.21 | 1.98 | 0.02 |
| | Three-Day | Westchesler | 87 . 38 | 1.55 | 3.00 | 0.03 |
| | | Westchester | 92.12 | 0.71 | 2.04 | 0.04 |
| | Total Composite | vvestcriester | 92.12 | 0.71 | 2. 04 | 0.02 |
| | Overnight | Albany | 95.68 | 0.66 | 1.08 | 0.02 |
| | Two-Day | Albany | 92.62 | 1.27 | 2.03 | 0.05 |
| | Three-Day | Albany | 83.09 | 1.79 | 3.06 | 0.05 |
| | Total Composite | Albany | 90.72 | 0.75 | 2.03 | 0.02 |
| | Overnight | Boston | 94.50 | 0.99 | 1.13 | 0.03 |
| | Two-Day | Boston | 90.55 | 1.44 | 2.03 | 0.03 |
| | Three-Day | Boston | 87.33 | 1.60 | 2.97 | 0.06 |
| | Total Composite | Boston | 91.53 | 0.74 | I.86 | 0.03 |
| | rotal Composite | DOSION | 91.33 | 0.74 | 1.00 | 0.03 |
| | Overnight | Connecticut | 95.03 | 0.66 | 1.11 | 0.03 |
| | Two-Day | Connecticut | 90.11 | 1.46 | 2.08 | 0.05 |
| | Three-Day | Connecticut | 85.11 | 1.73 | 3.03 | 0.05 |
| | Total Composite | Connecticut | 90.61 | 0.72 | I .97 | 0.02 |
| 1 | ernight | Maine | 95.95 | 0.63 | 1.07 | 0.01 |
| Į | wo-Day | Maine | 91.89 | 1.32 | 2.09 | 0.06 |
| | Three-Day | Maine | 87.69 | 1.63 | 2.90 | 0.06 |
| | Total Composite | Maine | 92.03 | 0.72 | 1.96 | 0.03 |
| | Overnight | Massachusetts | 94.49 | 0.74 | 1.11 | 0.02 |
| | Two-Day | Massachusetts | 90.81 | 1.41 | 2.04 | 0.04 |
| | Three-Day | Massachusetts | 86.92 | 1.62 | 2.99 | 0.04 |
| | | Massachusetts | 91.26 | 0.69 | 2.99 1.92 | |
| | Total Composite | Massacrusetts | 91.20 | 0.09 | 1.92 | 0.02 |
| | Overnight | New HampshireNermont | 95.21 | 0.87 | 1.09 | 0.02 |
| | Two-Day | New HampshireNermonl | 91.90 | 1.36 | 2.02 | 0.03 |
| | Three-Day | New HampshireNermont | 86.40 | 1.66 | 2.99 | 0.05 |
| | Total Composite | New HampshireNermont | 90.70 | 0.84 | 2.12 | 0.02 |
| | Overnight | Southeast New England | 94.91 | 0.69 | 1.09 | 0.02 |
| | Two-Day | Southeast New England | 91.39. | 1.38 | 2.03 | 0.04 |
| | Three-Day | Southeast New England | 85.70 | 1.69 | 3.04 | 0.05 |
| | Total Composite | Southeast New England | 91.13 | 0.70 | 1.94 | 0.02 |
| | • | • | | | | |

^{*} Results reflect me new Performance Cluster/Area alignments. The Greensboro. Mid-Carolinas, and Greater South Carolina clusters are now aligned With the Capital Metro Area. and the Arizona and Nevada-Sierra clusters are now aligned with me Western Area.

EXFC On-Time Service Performance by Performance Cluster, Quarter 2 FY 2006

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster Western New York Western New York Western New York Western New York | Destination Percent On Time 94.95 90.84 87.83 92.04 | Destination+I- Range for Percenton Time 1.23 1.38 1.58 0.80 | Destination Average Delivery Days 1.10 2.07 2.97 1.83 | Destination+/- Range for Average-Delivery bays 0.02 0.04 0.06 0.02 |
|---|---|--|---|---|--|
| Overnight | Honolulu | 96.13 | 0.59 | 1.06 | 0.01 |
| Three-Day | Honolulu | 69.80 | 1.97 | 3.12 | 0.06 |
| Total Composite | Honolulu | 85.19 | 0.89 | 1.92 | 0.03 |
| Overnight | Los Angeles | 92.88 | 0.90 | 1.14 | 0.02 |
| Two-Day | Los Angeles | 87.13 | 1 74 | 2.07 | 0.05 |
| Three-Day | Los Angeles | 81.50 | 1.85 | 3.04 | 0.06 |
| Total Composite | Los Angeles | 87.91 | 0.85 | 1.97 | 0.02 |
| Overnight | Bay-Valley | 95.36 | 0.58 | 1.09 | 0.02 |
| Two-Day | BayValley | 92.40 | 1.31 | 1.98 | 0.04 |
| Three-Day | BayValley | 83.80 | 1.78 | 2.90 | 0.07 |
| Total Composite | Bay-Valley | 89.70 | 0.86 | 2.04 | 0.03 |
| -Day -Tree-Day -Total Composite | Sacramento Sacramento Sacramento Sacramento | 94.57 91.81 78.64 88.17 | 0.65 1.36 2.01 0.84 | 1.10 2.04 3.17 2.08 | 0.02 0.04 0.06 0.02 |
| Overnight | San Diego | 94.67 | 0.64 | 1.08 | 0.02 |
| Two-Day | San Diego | 93.66 | 1.17 | 1.85 | 0.04 |
| Three-Day | San Diego | 86.95 | 1.63 | 2.85 | 0.05 |
| Total Composite | San Diego | 91.40 | 0.74 | 1.96 | 0.02 |
| Overnight | San Francisco | 94.47 | 0.82 | 1.15 | 0.03 |
| Two-Day | San Francisco | 91.96 | 1.38 | 2.03 | 0.04 |
| Three-Day | San Francisco | 83.98 | 1.77 | 3.06 | 0.05 |
| Total Composite | San Francisco | 89.83 | 0.83 | 2.06 | 0.03 |
| Overnight | Santa Ana | 94.39 | 0.68 | 1.11 | 0.02 |
| Two-Day | Santa Ana | 90.30 | 1.55 | 2.09 | 0.06 |
| Three-Day | Santa Ana | 84.34 | 1.78 | 2.86 | 0.05 |
| Total Composite | Santa Ana | 90.28 | 0.75 | 1.86 | 0.02 |

^{*} Results reflect the new PerformanceCluster/Area alignments. The Greensboro, Mid-Carolinas, and Greater South Camlina dusters are now aligned with the Capital Metro Area, and the Arizona and Nevada-Sierra clusters are now aligned with the Western Area

EXFC On-Time Service Performance by Performance Cluster, Quarter 2 FY 2006

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster Van Nuys Van Nuys Van Nuys Van Nuys | Destination Percent On Time 94.89 90.34 78.96 87.51 | Destination ——— Range for Percent On Time 0.79 1.46 1.97 0.92 | Destination Average Delivery Days 1.12 1.96 2.94 2.04 | Destination — I- Range for Average Delivery Days 0.03 0.05 0.07 0.03 |
|--|---|--|---|---|--|
| Overnight | Alabama | 95.74 | 0.52 | 1.07 | 0.01 |
| Two-Day | Alabama | 89.40 | 1.44 | 2.08 | 0.04 |
| Three-Day | Alabama | 89.37 | 1.47 | 2.91 | 0.04 |
| Total Composite | Alabama | 91.74 | 0.69 | 2.02 | 0.02 |
| Overnight | Atlanta | 92.94 | 1.53 | 1.16 | 0.05 |
| Two-Day | Atlanta | 82.13 | 1. 82 | 2.20 | 0.04 |
| Three-Day | Atlanta | 86.74 | 1.62 | 3.00 | 0.06 |
| Total Composite | Atlanla | 87.84 | 0.95 | 2.10 | 0.03 |
| Overnight | Central Florida | 93.61 | 1.19 | 1.13 | 0.03 |
| Two-Day | Central Florida | 87.90 | 1.63 | 2.15 | 0.05 |
| Three-Day | Central Florida | 84.56 | 1.73 | 2.97 | 0.06 |
| Total Composite | Central Florida | 87.81 | 1.02 | 2.28 | 0.03 |
| rnight | Mississippi | 95.32 | 1.05 | 1.09 | 0.03 |
| wo-Day | Mississippi | 85.65 | 1. 87 | 2.17 | 0.06 |
| Three-Day | Mississippi | 86.06 | 1.88 | 2.98 | 0.06 |
| Total Composite | Mississippi | 89.16 | 0.95 | 2.10 | 0.03 |
| Overnight | North Florida | 94.19 | 0.73 | 1.10 | 0.02 |
| Two-Day | North Florida | 86.33 | 1.61 | 2.14 | 0.05 |
| Three-Day | North Florida | 84.99 | 1.69 | 3.02 | 0.05 |
| Total ComDosite | North Florida | 87.86 | 0.92 | 2.27 | 0.03 |
| Overnight | South Florida | 95.20 | 1.04 | 1.09 | 0.02 |
| Two-Day | South Florida | 92.41 | 1.34 | 1.96 | 0.05 |
| Three-Day | South Florida | 84.70 | 1.71 | 2.89 | 0.07 |
| Total Composite | South Florida | 89.14 | 1.00 | 2.18 | 0.04 |
| Overnight | South Georgia | 94.78 | 0.68 | 1.10 | 0.02 |
| Two-Day | South Georgia | 83.25 | 1.79 | 2.09 | 0.05 |
| Three-Day | South Georgia | 86.23 | 1.62 | 2.96 | 0.05 |
| Total Composite | South Georgia | 87.73 | 0.90 | 2.21 | 0.02 |

^{*} Results reflect the new Performance Cluster/Area alignments. The Greensborn. Mid-Carolinas, and Greater South Camlina clusters are now aligned with the Capital Metro Area. and the Arizona and Nevada-Sierra clusters are now aligned with the Western Area.

EXFC On-Time Service Performance by Performance Cluster, Quarter 2 FY 2006

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster Suncoast Suncoast Suncoast Suncoast | Destination Percent On Time 94.08 88.83 85.04 88.33 | Destination +I- Range for Percent On Time 0.96 1.50 1.68 0.95 | Destination Average Delivery Days 1.11 2.07 2.98 2.27 | Destination+I- Range for Average Delivery Days 0.02 0.05 0.05 0.03 |
|--|---|--|---|---|---|
| Overnight | Tennessee | 94.55 | 0.83 | 1.10 | 0.02 |
| Two-Day | Tennessee | 87.83 | 1.55 | 2.09 | 0.04 |
| Three-Day | Tennessee | 89.44 | 1.44 | 2.78 | 0.05 |
| Total Composite | Tennessee | 90.57 | 0.76 | 2.00 | 0.02 |
| Overnight | Albuquerque | 93.79 | 0.76 | 1.13 | 0.02 |
| Two-Day | Albuquerque | 86.03 | 1.79 | 2.16 | 0.05 |
| Three-Day | Albuquerque | 80.83 | 1.84 | 3.14 | 0.05 |
| Total Composite | Albuquerque | 86.02 | 1.03 | 2.31 | 0.03 |
| Overnight | Arkansas | 95.01 | 1.14 | 1.09 | 0.02 |
| Two-Day | Arkansas | 89.58 | 1.45 | 2.03 | 0.04 |
| Three-Oay | Arkansas | 88.02 | 1.54 | 2.92 | 0.05 |
| Total Composite | Arkansas | 90.73 | 0.83 | 2.09 | 0.02 |
| night -Day Three-Day Total Composite | Dallas | 93.91 | 0.93 | 1.10 | 0.02 |
| | Dallas | 86.62 | 1.62 | 2.10 | 0.05 |
| | Dallas | 84.71 | 1.68 | 2.88 | 0.05 |
| | Dallas | 88.16 | 0.89 | 2.12 | 0.02 |
| Overnight | Fort Worth | 94.98 | 0.64 | 1.09 | 0.02 |
| Two-Day | Fort Worth | 89.25 | 1.47 | 2.06 | 0.05 |
| Three-Day | Fort Worth | 82.25 | 1.79 | 2.99 | 0.07 |
| Total Composite | Fort Worth | 88.08 | 0.89 | 2.15 | 0.03 |
| Overnight | Houston | 94.53 | 0.98 | 1.12 | 0.03 |
| Two-Day | Houston | 92.98 | 1.32 | 1.99 | 0.03 |
| Three-Day | Houston | 88.18 | 1.56 | 2.73 | 0.06 |
| Total Composite | Houston | 91.29 | 0.83 | 2.03 | 0.03 |
| Overnight | Louisiana | 90.75 | 2.06 | 1.15 | 0.04 |
| Two-Day | Louisiana | 75.19 | 3.07 | 2.29 | 0.08 |
| Three-Day | Louisiana | 73.93 | 3.02 | 3.29 | 0.10 |
| Total Composite | Louisiana | 81.22 | 1.56 | 2.19 | 0.05 |

^{*} Results reflect the new PerformanceCluster/Area alignments. The Greensboro, Mid-Carolinas, and Greater South Carolina clusters are now aligned with the Capital Metro Area. and the Arizona and Nevada-Sierra clusters are now aligned with the Western Area.

| | | | Destination + <i>I</i> - | Destination | Destination +/- Range for |
|------------------|---------------------|----------------------------|--------------------------|------------------|---------------------------|
| Service Standard | | Destination Percent | Range for | Average Delivery | Average Delivery |
| Area | Performance Cluster | On Time | Percent On Time | Days | Days |
| Overnight | Oklahoma | 95.17 | 0.64 | 1.08 | 0.01 |
| Two-Day | Oklahoma | 89.82 | 1.44 | 2.08 | 0.04 |
| Three-Day | Oklahoma | 86.41 | 1.64 | 2.93 | 0.05 |
| Total Composite | Oklahoma | 90.73 | 0.74 | 1.99 | 0.02 |
| • | | | | | |
| Overmish | Die Cronde | 05.05 | 0.70 | 4.00 | 0.00 |
| Overnight | Rio Grande | 95.05 | 0.73 | 1.09 | 0.02 |
| Two-Day | Rio Grande | 90.56 84.66 | 1.38 | 1.97 | 0.04 |
| Three-Day | Rio Grande | | 1.77 | 2.88 | 0.06 |
| Total Composite | Rio Grande | 89.13 | 0.92 | 2.13 | 0.03 |
| | | | | | |
| Two-Day | Alaska | 96.43 | 0.86 | 1.22 | 0.04 |
| Three-Day | Alaska | 75.12 | 2.07 | 3.19 | 0.05 |
| Total Composite | Alaska | 83.93 | 1.27 | 2.37 | 0.04 |
| | | | | | |
| Overnight | Big Sky | 97.21 | 0.53 | 1.05 | 0.02 |
| Two-Day | Big Sky | 94.40 | 1.15 | 1.63 | 0.03 |
| Three-Day | Big Sky | 84.94 | 1.67 | 2.89 | 0.05 |
| Total Composite | Big Sky | 90.61 | 0.89 | 2.06 | 0.03 |
| | | | | | |
| rernight | Central Plains | 95.89 | 0.65 | 1.06 | 0.01 |
| ⊬Day | CenIral Plains | 88.84 | 1.75 | 2.05 | 0.04 |
| ree-Day | Central Plains | 87.04 | 1.65 | 2.98 | 0.05 |
| rotal Cornposile | Central Plains | 913.96 | 0.80 | 2.01 | 0.02 |
| | | | | | |
| Overnight | Dakotas | 96.98 | 0.51 | 1.06 | 0.02 |
| Two-Day | Dakotas | 94.52 | 1.11 | 2.01 | 0.04 |
| Three-Day | Dakotas | 85.63 | 1.68 | 2.91 | 0.05 |
| Total Composite | Dakotas | 91.67 | 0.77 | 2.04 | 0.02 |
| | | | | | |
| Overnight | ColoradofWyoming | 95.83 | 0.90 | 1.09 | 0.02 |
| Two-Day | Colorado/Wyoming | 91.02 | 1.42 | 1.86 | 0.04 |
| Three-Day | ColoradofWyoming | 86.24 | 1.64 | 2.74 | 0.05 |
| Total Composite | ColoradofWyoming | 89.94 | 0.96 | 2.09 | 0.03 |
| 1 | ,g | • | | | 2.30 |
| Overnight | Hawkeye | 96.31 | 0.53 | 1.06 | 0.01 |
| Two-Day | Hawkeye | 91.75 | 1.34 | 2.01 | 0.04 |
| Three-Day | Hawkeye | 88.71 | 1.55 | 2.94 | 0.06 |
| Total Composite | Hawkeye | 91.81 | 0.77 | 2.12 | 0.03 |

^{*} Results reflect the new Performance Cluster/Area alignments. The Greensboro, Mid-Carolinas, and Greater South Carolina clusters are now aligned with the Capital Metro Area, and the Arizona and Nevada-Sierra clusters are now aligned with the Western Area.

| Service Standa Area Overnight Two-Day Three-Day Total Composite | rd PerformanceClu ste r Nevada-Sierra Nevada-Sierra Nevada-Sierra Nevada-Sieva | Destination Percent On Time 94.67 89.18 87.55 89.52 | Destination +/- Range for Percent On Time 0.90 1.52 1.62 1.01 | Destination Average Delivery Days 1.10 2.08 2.92 2.33 | Destination+/- Range for Average Delivery Days 0.02 0.04 0.07 0.04 |
|--|---|--|---|---|--|
| Overnight | Mid-America | 94.64 | 0.69 | 1.10 | 0.02 |
| Two-Day | Mid-America | 85.44 | 1.70 | 2.13 | 0.04 |
| Three-Day | Mid-America | 87.82 | 1.57 | 2.89 | 0.05 |
| Tolal Composite | Mid-America | 89.55 | 0.78 | 2.02 | 0.02 |
| Overnight | Northland | 95.33 | 0.73 | 1.09 | 0.02 |
| Two-Day | Northland | 93.82 | 1.16 | 1.91 | 0.04 |
| Three-Day | Northland | 91.11 | 1.37 | 2.88 | 0.05 |
| Total Composite | Northland | 93.45 | 0.64 | 1.92 | 0.02 |
| Overnight | Arizona | 94.24 | 0.62 | 1.10 | 0.01 |
| Two-Day | Arizona | 89.66 | 1.48 | 1.99 | 0.05 |
| Three-Day | Arizona | 87.93 | 1.55 | 2.79 | 0.05 |
| Total Composite | Arizona | 90.10 | 0.90 | 2.16 | 0.03 |
| rnight | Portland | 95.53 | 1.06 | 1.07 | 0.02 |
| b-Day | Portland | 95.66 | 1.24 | 1.87 | 0.04 |
| Three-Day | Portland | 93.07 | 1.22 | 2.35 | 0.04 |
| Total Composite | Portland | 94.38 | 0.74 | 1.78 | 0.02 |
| Overnighl | Salt Lake City | 96.04 | 0.53 | 1.08 | 0.02 |
| Two-Day | Salt Lake City | 88.10 | 2.07 | 2.12 | 0.06 |
| Three-Day | Salt Lake City | 88.46 | 1.51 | 2.71 | 0.05 |
| Total Composite | Salt Lake City | 90.97 | 0.95 | 2.14 | 0.03 |
| Overnight | Seanle | 96.86 | 0.46 | 1.05 | 0.02 |
| Two-Day | Seattle | 94.33 | 1.24 | 2.00 | 0.04 |
| Three-Day | Seattle | 92.12 | 1.29 | 2.60 | 0.05 |
| Total Composite | Seanle | 94.45 | 0.65 | 1.85 | 0.02 |
| Overnight | Spokane | 96.84 | 0.49 | 1.05 | 0.01 |
| Two-Day | Spokane | 95.12 | 1.03 | 1.95 | 0.04 |
| Three-Day | Spokane | 87.59 | 1.58 | 2.60 | 0.05 |
| Total Composite | Spokane | 92.06 | 0.81 | 1.95 | 0.03 |

[&]quot;Results reflect the new Performance Cluster/Area alignments. The Greensboro, Mid-Carolinas, and Greater South Carolina clusters am now aligned with the Capital Metro Area, and the Arizona and Nevada-Sierra dusters are now aligned with ma Western Area,

EXFC On-Time Service Performance by Performance Cluster, Quarter 2 FY 2006

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster Capital Metro Capital Melro Capital Melro Capital Metro | Destination Percent On Time 95.22 88.48 88.55 91.15 | Destination +/- Range for Percent On Time 0.31 0.64 0.62 0.30 | Destination Average Delivery Days 1.10 2.02 2.73 1.87 | Destination +/- Range for Average Delivery Days 0.01 0.02 0.02 0.01 |
|---|---|--|---|---|---|
| Overnight | Eastern Area | 94.55 | 0.32 | 1.10 | 0.01 |
| Two-Day | Eastern Area | 89.30 | 0.51 | 2.06 | 0.01 |
| Three-Day | Easlern Area | 88.15 | 0.55 | 2.95 | 0.02 |
| Total Composite | EasternArea | 90.81 | 0.28 | 1.98 | 0.01 |
| Overnight | Great Lakes Area Greal Lakes Area | 93.43 89.58 | 0.23 0.56 | 1.10 1.97 | 0.01 0.02 |
| Two-Day Three-Day | Great Lakes Area | 86.26 | 0.59 | 2.97 | 0.02 |
| Total Composite | Great Lakes Area | 90.36 | 0.28 | 1.97 | 0.01 |
| Total Composite | Great Lakes Area | 50.30 | 0.20 | 1.97 | 0.01 |
| Overnight | New York Metro Area | 94.90 | 0.26 | 1.10 | 0.01 |
| Two-Day | New York Metro Area | 90.21 | 0.64 | 2.05 | 0.02 |
| Three-Day | New York Metro Area | €5.02 | 0.70 | 3.05 | 0.02 |
| Total Composile | New York Melro Area | 90.51 | 0.31 | 1.98 | 0.01 |
| might | Norlheasl Area | 95.02 | 0.33 | 1.10 | 0.01 |
| e-€DBX6Y | Northeast Area | 91.31 | 0.56 | 2.05 | 0.02 |
| Three-Da | Northeast Area | 35.97 | 0 67 | 3.00 | 0.02 |
| Total Composite | Northeast Area | 91.16 | 0.30 | 1.96 | 0.01 |
| Overnighl | Pacific Area | 94.50 | 0.32 | 1.11 | 0.01 |
| Two-Day | Pacific Area | 91.26 | 0.65 | 1.99 | 0.02 |
| Three-Day | Pacific Area | 82.05 | 0.71 | 2.97 | 0.02 |
| Total Composite | Pacific Area | 89.10 | 0.34 | 1.99 | 0.01 |
| Overnighl | Southeast Area | 94.36 | 0.39 | 1.11 | 0.01 |
| Two-Day | Southeast Area | 86.75 | 0.62 | 2.11 | 0.02 |
| Three-Day | Southeast Area | 86.26 | 0.59 | 2.94 | 0.02 |
| Total Composile | Southeast Area | 88.97 | 0.33 | 2.15 | 0.01 |
| Overnight | Soulhwest Area | 94.09 | 0.42 | 1.11 | 0.01 |
| Two-Day | Soulhwest Area | 87.77 | 0.70 | 2.07 | 0.02 |
| Three-Day | Southwest Area | 84.07 | 0.72 | 2.93 | 0.02 |
| Total Composite | Southwest Area | 88.35 | 0.39 | 2.11 | 0.01 |

^{*} Results reflect the new Performance Cluster/Area alignments. The Greensboro, Mid-Carolinas, and Greater South Carolina clusters are now aligned with the Capital Metro Area, and the Arizona and Nevada-Sierra clusters are now aligned with the Western Area.

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster Western Area Western Area Western Area Western Area | Destination Percent On Time 95.72 91.17 88.51 91.55 | Destination +/- Range for Percent On Time 0.23 0.47 0.48 0.26 | Destination Average Delivery Days 1.08 1.97 2.78 2.03 | Destination+/- Range for Average Delivery Days 0.01 0.01 0.02 0.01 |
|---|---|--|---|---|--|
| Overnight | Nation | 94.91 | 0.10 | 1.10 | 0.00 |
| Two-Day | Nation | 89.31 | 0.22 | 2.03 | 0.01 |
| Three-Day | Nation | 86.25 | 0.25 | 2.91 | 0.01 |
| Total Composite | Nation | 90.25 | 0.13 | 2.01 | 0.00 |

^{*} Results reflect the new Performance Cluster/Area alignments. The Greensboro, Mid-Carolinas, and Greater South Carolina clusters are now aligned with the Capital Metro Area, and the Arizona and Nevada-Sierra clusters are now aligned with the Western Area.

EXFC On-Time Service Performance by Performance Cluster. Quarter $3\,\mathrm{FY}\,2006$

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster Baltimore Baltimore Baltimore Baltimore | Destination Percent On Time 96.74 92.50 94.40 94.67 | Destination +/- Range for Percent On Time 0.54 1.25 1.09 0.56 | Destination Average Delivery Days 1.07 1.95 2.43 1.73 | Destination+/- Range for Average Delivery Days 0.01 0.06 0.04 0.02 |
|--|---|--|---|---|--|
| Overnight Two-Day Three-Day Total Composite | Capital Capital Capital Capital | 96.61 93.51 94.80 95.14 | 0.53 1.20 1.15 0.54 | 1.06 1.90 2.35 1.70 | 0.01 0.03 0.05 0.02 |
| Overnight | Greater South Carolina | 95.46 | 0.91 | 1.08 | 0.02 |
| Two-Day | Greater South Carolina | 90.10 | 1.40 | 1.96 | 0.04 |
| Three-Day | Greater South Carolina | 89.62 | 1.46 | 2.78 | 0.04 |
| Total Composite | Greater South Carolina | 92.40 | 0.72 | 1.84 | 0.02 |
| Overnight Two-Day Three-Day Total Composite | Greensboro Greensboro Greensboro | 96.21 92.36 91.62 93.79 | 0.59 1.29 1.37 0.60 | 1.07 1.99 2.62 1.78 | 0.02 0.05 0.05 0.02 |
| amight | Mid-Carolinas | 95.71 | 0.60 | 1.08 | 0.02 |
| vo-Day | Mid-Carolinas | 89.00 | 1.51 | 1.92 | 0.04 |
| Three-Day | Mid-Carolinas | 89.82 | 1.49 | 2.76 | 0.05 |
| Total Composite | Mid-Carolinas | 91.89 | 0.69 | 1.85 | 0.02 |
| Overnight | Northern Virginia | 96.35 | 0.68 | 1.06 | 0.01 |
| Two-Day | Northem Virginia | 91.96 | 1.32 | 1.91 | 0.04 |
| Three-Day | Northern Virginia | 95.77 | 1.01 | 2.34 | 0.04 |
| Total Composite | Northern Virginia | 94.66 | 0.61 | 1.79 | 0.02 |
| Overnight | Richmond | 96.22 | 0.51 | 1.07 | 0.01 |
| Two-Day | Richmond | 90.33 | 1.43 | 2.00 | 0.05 |
| Three-Day | Richmond | 93.57 | 1.19 | 2.45 | 0.04 |
| Total Composite | Richmond | 93.20 | 0.67 | 1.85 | 0.02 |
| Overnight | Appalachian | 96.48 | 0.52 | 1.05 | 0.01 |
| Two-Day | Appalachian | 90.73 | 1.41 | 2.01 | 0.04 |
| Three-Day | Appalachian | 89.00 | 1.49 | 2.95 | 0.04 |
| Total Composite | Appalachian | 91.74 | 0.76 | 2.05 | 0.02 |

^{*} Results reflect the new Performance Cluster/Area alignments. The Greensboro, Mid-Carolinas, and Greater South Carolina clusters are now aligned with the Capital Metro Area, and the Arizona and Nevada-Sierra clusters are now aligned with the Western Area.

Response to DBPIUSPS-268 (continued)

| Service Standard Area Overnight Two-Day Three-Day Total Composite Overnight Two-Day Three-Day | Performance Cluster Cincinnati Cincinnati Cincinnati Cincinnati Northem Ohio Northern Ohio Northern Ohio | Destination Percent On Time 95.69 87.65 89.86 91.28 95.25 91.24 91.10 | Destination+/- Range for Percent On Time 0.62 1.59 1.50 0.73 | Destination Average Delivery Days 1.09 2.11 2.96 1.99 1.07 2.00 2.78 | Destination+/- Range for Average Delivery Days 0.02 0.05 0.05 0.02 |
|--|--|--|--|---|--|
| Total Composile | Northern Ohio | 92.90 | 0.66 | 1.80 | 0.02 |
| Overnight Two-Day Three-Day Total Composite | Columbus Columbus Columbus Columbus | 96.19 92.29 92.82 93.90 | 0.55 1.29 1.26 0.61 | 1.06 2.01 2.80 1.86 | 0.01 0.03 0.03 0.01 |
| overnight | Erie | 96.29 | 0.72 | 1.07 | 0.02 |
| Two-Day | Erie | 91.55 | 1.37 | 2.03 | 0.04 |
| Three-Day | Erie | 89.98 | 1.48 | 2.96 | 0.04 |
| Total Composite | Erie | 92.49 | 0.77 | 1.99 | 0.02 |
| ernight Med Day Three-Da Total Composite | Central Pennsylvania Central Pennsylvania Central Pennsylvania Central Pennsylvania | 94.26 89.99 89.18 91.16 | 0.93 1.46 1.52 0.77 | 1.09 2.05 2.98 2.02 | 0.02 0.04 0.04 0.02 |
| | | | | | |
| Overnight | Kenluckiana | 94.92 | 0.76 | 1.08 | 0.02 |
| Two-Day | Kenluckiana | 90.99 | 1.41 | 2.01 | 0.05 |
| Three-Day Total Composite | Kenluckiana Kenluckiana | 90.52 92.02 | 1.45 0.74 | 2.93 2.04 | 0.05 0.02 |
| Total Composite | Refliuckiaria | 92.02 | 0.74 | 2.04 | 0.02 |
| Overnight Two-Day Three-Day Total Composite | Philadelphia Metro Philadelphia Metro Philadelphia Metro Philadelphia Metro | 88.50 81.98 83.34 85.03 | 1.44 1.89 1.84 0.98 | 1.22 2.22 3.12 2.04 | 0.03 0.05 0.06 0.03 |
| Overnight Two-Day Three-Day Total Composite | Pittsburgh Pittsburgh Pinsburgh Pittsburgh | 96.12 91.50 93.24 93.78 | 0.55 1.35 1.25 0.62 | 1.06 2.04 2.89 1.82 | 0.01 0.05 0.03 0.02 |

^{*} Results reflect the new Performance Cluster/Area alignments. The Greensboro, Mid-Carolinas, and Greater South Carolina clusters are now aligned with the Capital Metro Area, and the Arizona and Nevada-Sierra clusters are now aligned with the Western Area.

EXFC On-Time Service Performance by Performance Cluster, Quarter 3 FY 2006

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster South Jersey South Jersey South Jersey South Jersey | Destination Percent On Time 93.12 92.19 90.10 91.67 | Destination +/- Range for Percent On Time 0.92 1.26 1.43 0.76 | Destination Average Delivery Days 1.12 2.00 2.98 2.14 | Destination +/- Range for Average Delivery Days 0.02 0.03 0.04 0.02 |
|---|---|--|---|---|---|
| Overnight | Chicago | 92.72 | 1.13 | 1.18 | 0.03 |
| Two-Day | Chicago | 82.43 | 1.80 | 1.92 | 0.07 |
| Three-Day | Chicago | 75.82 | 2.05 | 3.30 | 0.07 |
| Total Composite | Chicago | 83.52 | 1.02 | 2.10 | 0.04 |
| Overnight | Central Illinois | 95.87 | 0.60 | 1.09 | 0.02 |
| Two-Day | Central Illinois | 92.86 | 1.24 | 1.81 | 0.04 |
| Three-Day | Central Illinois | 87.35 | 1.63 | 2.96 | 0.05 |
| Total Composite | Central Illinois | 91.94 | 0.73 | 1.97 | 0.02 |
| Overnight | Detroit | 95.12 | 0.66 | 1.10 | 0.02 |
| Two-Day | Detroit | 90.20 | 1.46 | 2.00 | 0.04 |
| Three-Day | Detroit | 90.24 | 1.48 | 2.90 | 0.05 |
| Total Composite | Detroit | 92.62 | 0.63 | 1.83 | 0.02 |
| arnight | Greater Indiana | 95.87 | 0.96 | 1.07 | 0 02 |
| No-Day | Greater Indiana | 88.48 | 1.49 | 2.05 | 0.04 |
| Three-Day | Greater Indiana | 90.69 | 1.41 | 2.83 | 0.04 |
| Total Composite | Greater Indiana | 92.03 | 0.75 | 1.91 | 0.02 |
| Overnight | Greater Michigan | 95.93 | 0.64 | 1.07 | 0.01 |
| Two-Day | Greater Michigan | 92.03 | 1.30 | 1.94 | 0.03 |
| Three-Day | Greater Michigan | 86.90 | 1.64 | 2.96 | 0.05 |
| Total Composite | Greater Michigan | 91.87 | 0.70 | 1.94 | 0.02 |
| Overnight | Galeway | 95.40 | 0.65 | 1.08 | 0.01 |
| Two-Day | Galeway | 89.48 | 1. 50 | 2.02 | 0.04 |
| Three-Day | Gateway | 91.19 | 1.37 | 2.91 | 0.05 |
| Total Composite | Gateway | 91.98 | 0.72 | 2.05 | 0.02 |
| Overnight | Lakeland | 95.94 | 0.90 | 1.07 | 0.02 |
| Two-Day | Lakeland | 91.50 | 1.31 | 200 | 0.04 |
| Three-Day | Lakeland | 90.92 | 1.40 | 2.89 | 0.05 |
| Total Comoosite | Lakeland | 93.39 | 0.67 | 1.82 | 0.02 |

^{*} Results reflect the new Performance Cluster/Area alignments. The Greensboro, Mid-Carolinas, and Greater South Carolina clusters are now aligned with the Capital Metro Area, and the Arizona and Nevada-Sierra clusters are now aligned with the Western Area.

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster Northern Illinois Northern Illinois Northern Illinois Northern Illinois | Destination Percent On Time 95.45 93.30 89.83 92.68 | Destination +/- Range for Percent On Time 0.62 1.22 1.51 0.72 | Destination Average Delivery Davs 1.09 1.78 2.92 1.99 | Destination+I- Range for Average Delivery Davs 0.02 0.03 0.04 0.02 |
|--|---|--|---|---|---|
| Overnight Two-Day Three-Day Total Composite | Southeast Michigan Southeast Michigan Southeast Michigan Southeast Michigan | 95.79 90.62 87.80 92.19 | 0.58 1.41 1.61 0.65 | 1.07 1.87 2.94 1.82 | 0.01 0.04 0.04 0.02 |
| Overnight | Caribbean | 95.35 | 0.89 | 1.07 | 0.02 |
| Three-Day | Caribbean | 57.52 | 3.24 | 3.58 | 0.10 |
| Total Composite | Caribbean | 84.07 | 1.15 | 1.82 | 0.03 |
| Overnight | Central New Jersey | 95.51 | 0.54 | 1.07 | 0.01 |
| Two-Day | Central New Jersey | 90.95 | 1.39 | 2.04 | 0.04 |
| Three-Day | Central New Jersey | 91.70 | 1.34 | 2.93 | 0.04 |
| Total Composite | Central New Jersey | 93.29 | 0.57 | 1.82 | 0.01 |
| o-Day ree-Day fotal Composite | Long Island Long Island Long Island Long Island | 9 6 16 92 23 92 28 93 50 | 0 55 1 3 0 1 3 3 0 6 6 | 1 08 2 02 2 92 2 02 | 0 02 0 04 0 04 0 02 |
| Overnight | Northern New Jersey | 95.47 | 0.54 | 1.08 | 0.01 |
| Two-Day | Northern New Jersey | 92.31 | 1.30 | 2.03 | 0 03 |
| Three-Day | Northern New Jersey | 90.24 | 1.43 | 2.95 | 0.04 |
| Total Composite | Nonhern New Jersey | 92.83 | 0.64 | 1.96 | 0.02 |
| Overnight | New York | 94.62 | 0.64 | 1.10 | 0.02 |
| Two-Day | New York | 92.64 | 1. 26 | 2.00 | 0.03 |
| Three-Day | New York | 91.18 | 1.37 | 2.90 | 0.04 |
| Total Composite | New York | 93.07 | 0.62 | 1.86 | 0.02 |
| Overnight | Triboro | 94.73 | 0.54 | 1.10 | 0.01 |
| Two-Day | Triboro | 91.13 | 1.43 | 2.03 | 0.04 |
| Three-Day | Tribom | 91.01 | 1.39 | 2.92 | 0.04 |
| Total Composite | Triboro | 92.26 | 0.70 | 2.00 | 0.02 |

^{*} Results reflect the new Performance Cluster/Area alignments. The Greensboro, Mid-Carolinas, and Greater South Carolina clusters are now aligned with the Capital Metro Area, and the Arizona and Nevada-Sierra clusters are now aligned with the Western Area.

| Service Standard | | Destination Percent | Destination +/- Range for | Destination Average Delivery | Destination+/- Range for Average Delivery |
|------------------|--------------------------|---------------------|------------------------------|---------------------------------|---|
| Area | Performance Cluster | On Time | Percent On Time | Days | Days |
| Overnight | Westchester | 95.87 | 0.54 | 1.08 | 0.02 |
| Two-Day | Westchester | 94.05 | 1.14 | 1.99 | 0.04 |
| Three-Day | Westchester | 90.90 | 1.40 | 2.94 | 0.04 |
| Total Comoosite | Westchester | 93 58 | 0.66 | 2.03 | 0.02 |
| | | | | | |
| Overnight | Albany | 96.69 | 0.53 | 1.06 | 0.01 |
| Two-Day | Albany | 92.70 | 1.26 | 1.99 | 0.03 |
| Three-Day | Albany | 88.51 | 1.56 | 2.98 | 0.04 |
| Total Cornposile | Albany | 92.69 | 0.69 | 1.99 | 0.02 |
| · | · | | | | |
| Overnight | Boston | 95.50 | 0.88 | 1.08 | 0.02 |
| Two-Day | Boston | 93.73 | 1.20 | 1.95 | 0.04 |
| Three-Day | Boston | 91.27 | 1.38 | 2.88 | 0.04 |
| Total Composite | Boston | 93.84 | 0.64 | 1.62 | 0.02 |
| Overnight | Connecticut | 55.29 | 0.96 | 1.08 | 0.02 |
| Two-Day | Conneclicut | 91.25 | 1.37 | 2.04 | 0.02 |
| Three-Day | Connecticut | 38.99 | 1.55 | 2.0 4 2.98 | 0.04 0.05 |
| Total Composite | Connecticut | 92 24 | 0.74 | | |
| Total Composite | Connecticut | 92 24 | 0.74 | 1.94 | 0.02 |
| ernioh(| Maine | 95.00 | 1.06 | 1.09 | 0.03 |
| ernigh | Maine | 91.89 | 1.34 | 2.03 | 0.04 |
| nre⊕ Ðav | Maine | 90.83 | 1.44 | 2.89 | 0.04 |
| Totale Composite | Maine | 92.78 | 0.75 | 1.96 | 0.02 |
| | | _ | | | |
| Overnight | Massachusetts | 94.97 | 0.63 | 1.08 | 0.01 |
| Two-Day | Massachusetts | 91.17 | 1.38 | 2.04 | 0.04 |
| Three-Day | Massachusetts | 89.59 | 1.51 | 2.93 | 0.04 |
| Total Composite | Massachusetts | 92.34 | 0 65 | 1.90 | 0.02 |
| Overnighl | New HampshireNermonl | 95.59 | 0.62 | 1.07 | 0.01 |
| Two-Day | New HampshireNermonl | 91.89 | 1.33 | 2.01 | 0.03 |
| Three-Day | New Hampshire/Vermont | 89.52 | 1.49 | 2.01 2.92 | 0.03 |
| Total Composite | New HampshireNermonl | 92.12 | 0.73 | 2.92 2.07 | 0.04 |
| Total Composite | 146W HampsilleNeilliolli | 5 <u>2</u> .12 | 0.13 | 2. 01 | 0.02 |
| Overnight | Southeasl New England | 94.24 | 1.10 | 1.11 | 0.03 |
| Two-Day | Southeasl New England | 92.03 | 1.31 | 2.03 | 0.03 |
| Three-Day | Southeast New England | 88.38 | 1.56 | 2.97 | 0.04 |
| | Southeast New England | 91.79 | 0.77 | 1.95 | 0.02 |
| • | ~ | | | | |

Results reflect the new Performance Cluster/Area alignments The Greensboro, Mid-Carolinas, and Greater South Camlina clusters are now aligned with the Capital Melm Area, and the Arizona and Nevada-Sierra clusters are now aligned with me Western Area.

Response to DBP/USPS-268 (continued)

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster Western New York Western New York Western New York Western New York | Destination Percent On Time 96.43 92.46 91.76 94.09 | Destination +/- Range for Percent On time 0.50 1.27 1.31 0.55 | Destination Average Delivery Days 1.06 2.03 2.87 1.80 | Destination +/- Range for Average Delivery Days 0.01 0.03 0.04 0.01 |
|--|---|---|---|---|---|
| Overnight | Honolulu | 96.61 | 0.57 | 1.05 | 0.01 |
| Three-Day | Honolulu | 72.63 | 1.96 | 2.97 | 0.06 |
| Total Composite | Honolulu | 86.67 | 0.88 | 1.85 | 0.02 |
| Overnight | Los Angeles | 93.84 | 0.68 | 1.10 | 0.02 |
| Two-Day | Los Angeles | 02.36 | 1.35 | 1.92 | 0.05 |
| Three-Day | Los Angeles | 92.63 | 1.27 | 2.47 | 0.04 |
| Total Composite | Los Angeles | 93.19 | 0.61 | 1.72 | 0.02 |
| Overnight | Bay-Valley | 95.91 | 0.55 | 1.06 | 0.02 |
| Two-Day | Bay-Valley | 94.17 | 1.16 | 1.95 | 0.03 |
| Three-Day | Bay-Valley | 91.10 | 1.38 | 2.59 | 0.04 |
| Total Composite | Bay-Valley | 93.43 | 0.69 | 1.90 | 0.02 |
| -rernight | Sacramento | 94.32 | 0.93 | 1.10 | 0 02 |
| -Day | Sacramenlo | 92.55 | 1.30 | 1.95 | 0.03 |
| ree-Day | Sacramenlo | 84.87 | 1.71 | 2.88 | 0.05 |
| fotal Composite | Sacramenlo | 90.46 | 0.79 | 1.97 | 0.02 |
| Overnight | San Diego | 94.97 | 0.71 | 1.08 | 0.02 |
| Two-Day | San Diego | 95.10 | 1.04 | 1.80 | 0.04 |
| Three-Day | San Diego | 94.41 | 1.09 | 2.47 | 0.04 |
| Total Composite | San Diego | 94.78 | 0.56 | 1.80 | 0.02 |
| Overnight | San Francisco | 95.37 | 0.61 | 1.09 | 0.02 |
| Two-Day | San Francisco | 94.65 | 1.17 | 1.94 | 0.03 |
| Three-Day | San Francisco | 91.05 | 1.40 | 2.89 | 0.05 |
| Total Composite | San Francisco | 93.50 | 0.65 | 1.95 | 0.02 |
| Overnight | Sanla Ana | 95.22 | 0.60 | 1.09 | 0.02 |
| Two-Day | Santa Ana | 94.80 | 1.09 | 1.97 | 0.03 |
| Three-Day | Santa Ana | 92.41 | 1.29 | 2.56 | 0.04 |
| Total Composite | Santa Ana | 94.18 | 0.57 | 1.73 | 0.02 |

^{*} Results reflect the new Performance Cluster/Area alignments. The Greensboro, Mid-Carolinas, and Greater South Carolina clusters are now aligned with the Capital Metro Area, and me Arizona and Nevada-Sierra clusters are now aligned with the Western Area.

Response to DBPIUSPS-268 (continued)

EXFC On-Time Service Performance by Performance Cluster, Quarter 3 FY 2006

| Service Standard Area Overnight Two-Day Three-Day | PerformanceCluster Van Nuys Van Nuys Van Nuys | Destination Percent On Time 95.81 94.24 90.49 | Destination+/- Range for Percent On Time 0.82 1.17 1.44 | Destination Average Delivery Days 1.07 1.81 2.49 | Destination +/- Range for Average Delivery Days 0.02 0.05 0.05 |
|---|--|---|---|--|--|
| Total Composite | Van Nuys | 93.29 | 0.72 | 1.82 | 0.03 |
| Overnight | Alabama | 94.82 | 0.87 | 1.10 | 0.02 |
| Two-Day | Alabama | 91.32 | 1.31 | 2.05 | 0.04 |
| Three-Day | Alabama | 92.69 | 1.27 | 2.87 | 0.04 |
| Total Composite | Alabama | 93.10 | 0.67 | 2.02 | 0.02 |
| Overnight | Atlanta | 94.55 | 0.90 | 1.10 | 0.03 |
| Two-Day | Atlanta | 87.78 | 1.58 | 2.12 | 0.04 |
| Three-Day | Atlanta | 90.43 | 1.45 | 2.87 | 0.04 |
| Total Composite | Atlanta | 91.26 | 0.75 | 2.01 | 0.02 |
| Overnight | Central Florida | 93.94 | 0.78 | 1.11 | 0.02 |
| Two-Day | Central Florida | 92.21 | 1.34 | 2.02 | 0.05 |
| Three-Day | Central Florida | 89.71 | 1.49 | 2.80 | 0.04 |
| Total Composite | Central Florida | 9'1.40 | 0.85 | 2.16 | 0.02 |
| emight | Mississippi | 95.80 | 0.66 | 1.07 | 0.02 |
| wo-Day | Mississippi | 89.80 | 1.65 | 2.06 | 0.04 |
| Three-Day | Mississippi | 87.50 | 1.YO | 2.94 | 0.07 |
| Total Composite | Mississippi | 90.96 | 0.89 | 2.06 | 0.03 |
| Overnighl | North Florida | 95.26 | 0.60 | 1.08 | 0.01 |
| Two-Day | North Florida | 89.27 | 1.44 | 2.07 | 0.05 |
| Three-Day | North Flonda | 89.08 | 1.49 | 2.96 | 0.04 |
| Total Composite | North Flonda | 90.83 | 0.81 | 2.22 | 0.02 |
| Overnight | South Florida | 94.04 | 0.89 | 1.12 | 0.02 |
| Two-Day | South Florida | 93.74 | 1.25 | 1.97 | 0.05 |
| Three-Day | South Florida | 91.04 | 1.39 | 2.67 | 0.05 |
| Total Composite | South Florida | 92.34 | 0.83 | 2.09 | 0.03 |
| Overnight | South Georgia | 95.94 | 0.55 | 1.07 | 0.01 |
| Two-Day | South Georgia | 89.17 | 1.54 | 1.98 | 0.04 |
| Three-Day | South Georgia | 90.15 | 1.43 | 2.88 | 0.06 |
| Total Composite | South Georgia | 91.43 | 0.79 | 2.13 | 0.03 |

^{*} Results reflect the new Performance Cluster/Area alignments. The Greensboro, Mid-Carolinas, and Greater South Carolina clusters are now aligned with the Capital Metro Area, and the Arizona and Nevada-Sierra clusters are now aligned with the Western Area.

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster Suncoast Suncoast Suncoast Suncoast | Destination Percent On Time 95.30 93.40 89.82 92.12 | Destination +/- Range for Percent On Time 0.67 1.18 1.49 0.81 | Destination Average Delivery Days 1.10 1.94 2.89 2.19 | Destination+/- Range for Average Delivery Days 0.02 0.03 0.05 0.03 |
|---|---|---|---|---|--|
| Overnight | Tennessee | 94.96 | 0.86 | 1.08 | 0.02 |
| Two-Day | Tennessee | 89.48 | 1.46 | 2.07 | 0.04 |
| Three-Day | Tennessee | 91.64 | 1.33 | 2.75 | 0.04 |
| Total Composite | Tennessee | 91.98 | 0.73 | 1.97 | 0.02 |
| 0 111 | A.II | 04.50 | 4.40 | 4.40 | |
| Overnight | Albuquerque | 94.56 | 1.16 | 1.10 | 0.02 |
| Two-Day | Albuquerque | 90.48 90.70 | 1.44 | 2.07 | 0.04 |
| Three-Day | Albuquerque | · - · | 1.39 | 2.73 | 0.04 |
| Total Composite | Albuquerque | 91.97 | 0.86 | 2.10 | 0.03 |
| Overnight | Arkansas | 95.63 | 1.07 | 1.07 | 0.01 |
| Two-Day | Arkansas | 91.35 | 1.35 | 1.97 | 0.04 |
| Three-Day | Arkansas | 90.31 | 1.42 | 2.86 | 0.05 |
| Total Composite | Arkansas | 92.34 | 0.77 | 2.04 | 0.02 |
| _ | | | | | |
| emight | Dallas | 94.86 | 0.60 | 1.08 | 0.01 |
| wo-Day | Dallas | 92.62 | 1.26 | 1.93 | 0.04 |
| Three-Day | Dallas | 93.04 | 1.25 | 2.54 | 0.05 |
| Total Composite | Dallas | 93.55 | 0.66 | 1.93 | 0.03 |
| | | | | | |
| Ovemighl | Fort Worth | 95.60 | 0.57 | 1.07 | 0.01 |
| Two-Day | Fort Worth | 91.47 | 1.35 | 1.95 | 0.04 |
| Three-Day | Fort Worth | 89.49 | 1.46 | 2.64 | 0.05 |
| Tolal Composite | Fort Worth | 92.00 | 0.75 | 1.96 | 0.02 |
| Overnight | Houston | 94.81 | 0.66 | 1.10 | 0.02 |
| Two-Day | Houslon | 93.06 | 1.29 | 1.92 | 0.05 |
| Three-Day | Houston | 92.41 | 1.30 | 2.45 | 0.05 |
| Tolal Composite | Houston | 93.34 | 0.70 | 2. 4 3 1.90 | 0.02 |
| i olai Oomposite | Tiousion | 33.34 | 0.70 | 1.90 | 0.02 |
| Overnight | Louisiana | 96.23 | 0.72 | 1.07 | 0.02 |
| Two-Day | Louisiana | 90.08 | 2.06 | 2.00 | 0.06 |
| Three-Day | Louisiana | 89.18 | 2.04 | 2.81 | 0.08 |
| Total Composite | Louisiana | 92.24 | 0.93 | 1.93 | 0.03 |

^{*} Results reflect the new Performance Cluster/Area alignments. The Greensboro, Mid-Carolinas, and Greater South Camhna clusters am now aligned with the Capital Metro Area, and the Arizona and Nevada-Sierra clusters am now aligned with the Western Area.

| | | | Destination ─ ■ | - Destination | Destination+/- Range for |
|------------------|---------------------|---------------------|------------------------|------------------|-----------------------------|
| Service Standard | | Destination Percent | | Average Delivery | Average Delivery |
| Area | Performance Cluster | On Time | Percent On Time | bays | bays |
| Overnight | Oklahoma | 95.45 | 0.64 | 1.09 | 0.02 |
| Two-Day | Oklahoma | 91.97 | 1.33 | 2.04 | 0.04 |
| Three-Day | Oklahoma | 91.45 | 1.36 | 2.80 | 0.05 |
| Total Composite | Oklahoma | 93.20 | 0.64 | 1.94 | 0.02 |
| | | | | | |
| Overnight | Rio Grande | 94.90 | 0.72 | 1.08 | 0.02 |
| Two-Day | Rio Grande | 93.09 | 1.20 | 1.89 | 0.05 |
| Three-Day | Rio Grande | 90.32 | 1.43 | 2.70 | 0.05 |
| Tolal Composite | Rio Grande | 92.32 | 0.77 | 2.03 | 0.03 |
| · | | | | | |
| Two-Day | Alaska | 96.93 | 0.72 | 1.18 | 0.03 |
| Three-Day | Alaska | 84.51 | 1.76 | 2.96 | 0.06 |
| Total Composite | Alaska | 89.59 | 1.08 | 2.23 | 0.03 |
| rotal composite | Alaska | 09.59 | 1.00 | 2.20 | 0.03 |
| 0 | D: 01 | 00.00 | 0.50 | 4.00 | 0.04 |
| Overnighl | Big Sky | 96.82 | 0.52 | 1.06 | 0.01 |
| Two-Day | Big Sky | 94.88 | 1.20 | 1.63 | 0.03 |
| Three-Day | Big Sky | 90.21 | 1.40 | 2.69 | 0.04 |
| Tolal Composite | Big Sky | 93.17 | 0.77 | 1.97 | 0.02 |
| | | | | | <u>.</u> |
| vernight | Central Plains | 96.20 | 0.58 | 1.06 | 0 01 |
| o-Day | CenIral Plains | 91.49 | 1.39 | 2.03 | 0.03 |
| wee-Day | Central Plains | 91.99 | 1.33 | 2.84 | 0.04 |
| Total Composite | Central Plains | 93.53 | 0.64 | 1.96 | 0.02 |
| | | | | | |
| Overnighl | Dakolas | S7.14 | 0.48 | 1.05 | 0.01 |
| Two-Day | Dakolas | 95.41 | 1.04 | 1.98 | 0.03 |
| Three-Day | Dakolas | 92.25 | 1.29 | 2.62 | 0.04 |
| Total Composite | Dakolas | 94.63 | 0.63 | 1.94 | 0.02 |
| | | | | | |
| Ovemighl | Colorado/Wyoming | 96.58 | 0.97 | 1.07 | 0.02 |
| Two-Day | ColoraddWyoming | 95.29 | 1.02 | 1.76 | 0.03 |
| Three-Day | ColoradofWyoming | 94.49 | 1.09 | 2.50 | 0.04 |
| Total Composite | ColoradofWyoming | 95.27 | 0.69 | 1.94 | 0.02 |
| | | | | | |
| Ovemighl | Hawkeye | 95.79 | 0.76 | 1.06 | 0.01 |
| Two-Day | Hawkeye | 92.32 | 1.30 | 1.99 | 0.04 |
| Three-Day | Hawkeye | 90.67 | 1.42 | 2.87 | 0.05 |
| Total Composite | Hawkeye | 92.63 | 0.75 | 2.10 | 0.03 |

^{*} Results reflect me new Performance Cluster/Area alignments The Greensborn. Mid-Carolinas, and Greater South Carolina clusters are now aligned with the Capital Metro Area, and the Arizona and Nevada-Sierra clusters are now aligned with the Western Area

Response to DBPIUSPS-268 (continued)

| | Service Standard Area | Performance Cl uster | Destination Percent On Time | Destination +/- Range for Percent On Time | Destination Average Delivery Days | Destination+/- Range for Average Delivery Days |
|---|--------------------------|-----------------------------|--------------------------------|--|---|---|
| | Overnight | Nevada-Sierra | 95.10 | 0.65 | 1.09 | 0.02 |
| | Two-Day | Nevada-Sierra | 93.03 | 1.22 | 2.01 | 0.04 |
| | Three-Day | Nevada-Sierra | 92.31 | 1.40 | 2.49 | 0.05 |
| | Total Composite | Nevada-Sierra | 93.11 | 0.85 | 2.06 | 0.03 |
| | Total Composite | Nevada-Sierra | 93.11 | 0.05 | 2.00 | 0.03 |
| | Overnight | Mid-America | 95.50 | 0.63 | 1.08 | 0.01 |
| | Two-Day | Mid-America | 91.39 | 1.35 | 2.03 | 0.04 |
| | Three-Day | Mid-America | 90.18 | 1.45 | 2.83 | 0.05 |
| | Total Composite | Mid-America | 92.45 | 0.68 | 1.96 | 0.02 |
| | Overnight | Northland | 96.27 | 0.53 | 1.07 | 0.01 |
| | Two-Day | Northland | 93.37 | 1.21 | 1.87 | 0.04 |
| | Three-Day | Northland | 92.24 | 1.29 | 2.85 | 0.04 |
| | Total Composite | Northland | 94.19 | 0.59 | 1.89 | 0.02 |
| | Overnight | Arizona | 94.42 | 0.64 | 1.10 | 0.02 |
| | Two-Day | Arizona | 93.70 | 1.17 | 1.92 | 0.04 |
| | Three-Day | Arizona | 95.24 | 1.02 | 2.28 | 0.03 |
| | Total Composite | Arizona | 94.71 | 0.62 | 1.87 | 0.02 |
| _ | might | Portland | 95.81 | 0.60 | 1.07 | 0.01 |
| | vo-Day | Portland | 94.71 | 1.13 | 1.88 | 0.04 |
| • | Three-Day | Portland | 93.73 | 1.16 | 2.35 | 0.04 |
| | | | | | | |
| | Total Composite | Portland | 94.67 | 0.63 | 1.79 | 0.02 |
| | Overnight | Salt Lake City | 96.33 | 0.53 | 1.06 | 0.01 |
| | Two-Day | Salt Lake City | 92.46 | 1.40 | 2.03 | 0.04 |
| | Three-Day | Salt Lake City | 94.74 | 1.08 | 2.59 | 0.05 |
| | Total Composite | Salt Lake City | 95.16 | 0.69 | 2.05 | 0.03 |
| | Overnight | Seaflle | 96.89 | 0.48 | 1.06 | 0.01 |
| | Two-Day | Seaflle | 95.20 | 1.08 | 1.97 | 0.04 |
| | Three-Day | Sealtle | 94.43 | 1.11 | 2.47 | 0.04 |
| | Total Composite | Seattle | 95.60 | 0.58 | 1.79 | 0.02 |
| | Overnight | Spokane | 95.39 | 1.57 | 1.07 | 0.02 |
| | Two-Day | Spokane | 94.19 | 1.15 | 1.97 | 0.04 |
| | Three-Day | Spokane | 92.02 | 1.32 | 2.45 | 0.05 |
| | Total Composite | Spokane | 93.54 | 0.87 | 1.89 | 0.02 |
| | | | | | | |

[&]quot;Results reflect the new PerformanceCluster/Area alignments. The Greensboro, Mid-Carolinas, and Greater South Carolina clusters are now aligned with the Capital Metro Area, and the Arizona and Nevada-Sierra clusters are now aligned with the Western Ana

Response to DBP/USPS-268 (continued)

| Service Standard Area Overnight Two-Day Three-Day Total Composite | Performance Cluster Capital Metro Capital Metro Capital Metro Capital Metro | Destination Percent On Time 96.17 91.34 92.63 93 60 | Destination +/- Range far Percent On Time 0.25 0.55 0.51 0.25 | Destination Average Delivery Days 1.07 1.95 2.55 1.79 | Destination +/- Range for Average Delivery Days 0.01 0.02 0.02 0.01 |
|--|---|--|--|---|---|
| Overnight | Eastern Area | 94.11 | 0.35 | 1.10 | 0.01 |
| Two-Day | Eastern Area | 89.61 | 0.51 | 2.06 | 0.02 |
| Three-Day | Eastern Area | 89.47 | 0.53 | 2.95 | 0.02 |
| Total Composite | Eastern Area | 91.13 | 0.28 | 1.98 | 0.01 |
| Overnighl | Great Lakes Area | 05.53 | 0.29 | 1.08 | 0.01 |
| Two-Day | Great Lakes Area | 80.28 | 0.50 | 1.93 | 0.02 |
| Three-Day | Great Lakes Area | 88.59 | 0.54 | 2.94 | 0.02 |
| Tolal Composite | Great Lakes Area | 91.66 | 0.26 | 1.94 | 0.01 |
| Overnighl | New York Metro Area | 95.35 | 0.24 | 1.08 | 0.01 |
| Two-Day | New York Metro Area | 92.20 | 0.56 | 2.02 | 0.02 |
| Three-Day | New York Metro Area | 39.17 | 0.60 | 2.97 | 0.02 |
| Tolal Composite | New York Metro Area | 92 51 | 0.27 | 1.94 | 0.01 |
| arnight | Northeast Area | 95 47 | 0.32 | 1.08 | 0.01 |
| vo-Day | Northeast Area | 92 11 | 0 52 | 2.01 | 0.02 |
| Three-Day | Northeast Area | 89 61 | 0.57 | 2.94 | 0.02 |
| Total Composile | Northeast Area | 92 67 | 0.28 | 1.93 | 0.01 |
| Overnight | Pacific Area | 95.12 | 0.27 | 1.08 | 0.01 |
| Two-Day | Pacific Area | 93 94 | 0.50 | 1.89 | 0.02 |
| Three-Day | Pacific Area | 90.32 | 0.53 | 2.62 | 0.02 |
| Tolal Composite | Pacific Area | 93.03 | 0.26 | 1.83 | 0.01 |
| Overnighl | Southeast Area | 94 85 | 0.29 | 1.09 | 0.01 |
| Two-Day | Southeast Area | 90 32 | 0.54 | 2.04 | 0.02 |
| Three-Day | Southeast Area | 90 35 | 0.51 | 2.84 | 0.02 |
| Total Composite | Southeast Area | 91 77 | 0.28 | 2.09 | 0.01 |
| Overnighl | Southwesl Area | 95.25 | 0.26 | 1. 08 | 0.01 |
| Two-Day | Southwesl Area | 92.09 | 0.54 | 1.95 | 0.02 |
| Three-Day | Southwest Area | 91.12 | 0.55 | 2.66 | 0.02 |
| Tolal Composite | Soulhwest Area | 92.75 | 0.29 | 1.97 | 0.01 |

^{*} Results reflect the new Performance Cluster/Area alignments The Greensboro, Mid-Carolinas, and Greater South Carolina clusters are now aligned with the Capital Metro Area, and the Arizona and Nevada-Sierra clusters are now aligned with the Western Area.

Responseto DBPNSPS-268 (continued)

| Service Standard | | Destination Percent | Deslination **I- Range for | Destinalion Average Delivery | Destination +/- Range for Average Delivery |
|------------------|---------------------|---------------------|----------------------------|---------------------------------|--|
| Area | Performance Cluster | On Time | Percent On Time | Davs | Days |
| Overnight | Western Area | 96.03 | 0.21 | 1.07 | 0.00 |
| Two-Day | Western Area | 93.31 | 0.41 | 1.92 | 0.01 |
| Three-Day | Western Area | 93.01 | 0.37 | 2.58 | 0.01 |
| Tolal Composite | Western Area | 94.13 | 0.21 | 1.93 | 0.01 |
| Overnighl | Nation | 95.31 | 0.09 | 1.08 | 0.00 |
| Two-Day | Nation | 91.37 | 0.19 | 1,98 | 0.01 |
| • | | | - | | |
| Three-Day | Nation | 90.77 | 0.19 | 2.75 | 0.01 |
| Total Composite | Nation | 92.59 | 0.10 | 1.94 | 0.00 |

^{*} Results reflect the new Performance Cluster/Area alignments The Greensborn. Mid-Carolinas, and Greater South Carolina clusters are now aligned with the Capital Metro Area, and the Arizona and Nevada-Sierra dusters are now aligned with me Western Area.

DBP/USPS-269 Please confirm, or explain if you are unable to confirm, that the various criteria which presently will result in the imposition of the nonmachinable surcharge for a one ounce First-class Mail article will, under the proposed regulations, cause a mailpiece which otherwise would pay the rate for letter mail to pay the rate for flat mail. Furthermore, under the proposed regulations mailpieces which qualify for mailing at the rate for flats and parcels will not be affected should the mailpiece have any **of** those nonmachinable characteristics.

RESPONSE

It is proposed that nonmahinable one-ounce letter; that currently pay the basic First-Class Mail rate plus a surcharge will pay the proposed rate for flats. It is proposed that pieces that meet the definition of flats and parcels pay the proposed rates for flats and parcels, respectively.

DBP/USPS-270 [a] Please confirm, or explain if you are unable to confirm, that a single-piece First-Class Mail article that meets all of the size and weight requirements for mailing at the rate for flat mail will always pay that rate. That is, there are no characteristics which would cause it to pay any other rate.

[b] If not, please list the characteristics that would cause a rate other than the rate for flat mail and provide the rate that would be required.

[c] Same as subparts a and b except for parcel mail size and weight requirements.

RESPONSE

- [a] See the response to DBP/USPS-269.
- [b] N/A
- [c] Same as subpart [a].

DBP/USPS-284 [a] Please confirm, or explain if you are unable to confirm, that

many retail service windows now have extended hours to 7 PM on weekdays and 4 PM on Saturday.

- [b] Please provide a listing broken out by Area showing the number of facilities that have these extended hours.
- [c] Please discuss the reasons behind the implementation of this service.
- [d] Please discuss the success or lack of success of this program.
- [e] Please discuss any plans to expand or reduce the number of facilities that have these extended hours.

RESPONSE:

(a)-(e) Not confirmed. Facilities adjust retail service window hours in order to best meet the needs of their customers. The Postal Service cannot confirm whether many of the facilities have extended their hours to the exact times listed in this question.

DBP/USPS-285 [a] Please confirm, or explain if you are unable to confirm, that many facilities now have Automated Postal Centers [APC] installed.

- [b] Please provide a listing broken out by Area showing the number of facilities that have an APC installed.
- [c] Please discuss the reasons behind the implementation of this service.
- [d] Please discuss the success or lack of success of this program.
- [e] Please discuss any plans to expand or reduce the number of APCs in service.

RESPONSE:

- (a) There are currently 2460 facilities with APCs.
- (b) Objection filed.
- (c)-(e) APCs permit a customer to mail letter flat and parcel shaped rnailpieces without interacting with postal employees. They allow 24/7 access in most locations and the capability to conduct transactions for 80 percent of the most common transactions. The Postal Service plans to continue improving access to prompt, reliable and efficient services, and is constantly evaluating its efforts to do so.

Revised: October 11, 2006

DBPIUSPS-340.

- [a] With respect to the proposed Forever Stamp, will the use of the stamp be limited to only paying the postage for the first ounce of a single-piece First-Class Mail letter rate regardless of the postage value in effect at the time of mailing?
- [b] Please explain the rationale for the response to subpart a.

RESPONSE:

[a, b] No. **As** indicated in the proposed new DMCS Section **241**, the Forever Stamp is intended for single-piece First-class Mail letters weighing up to an ounce. However, mailers will, no doubt, in some instances, use the stamp in other postal applications. The Postal Service wishes to avoid punishing these mailers by not giving them credit for the stamp they have affixed (and cannot remove and reaffix to a one-ounce letter). Therefore the Postal Service is considering giving postage credit for such applications, at the "forever value" (*i.e.*, the contemporaneous first-ounce rate for single-piece First-class Mail letters)

Revised: October 11,2006

DBPIUSPS-341. This Interrogatory refers to the Forever Stamp and at a time when the one ounce single-piece letter rate is 45¢. The other rates for the examples have been assumed.

- [a] May these stamps be utilized to pay the postage on any mailpiece at their current postage value? For example, can two Forever Stamps be utilized together with 5¢ in other postage to pay the 95¢ postage required on a 3-ounce letter? Please explain and discuss any exceptions.
- [b] Is the ability to utilize these stamps as noted in subpart a above limited to any specific service, such as First-class Mail, or may they be used on any class of mail that may otherwise be paid for with denominated stamps? For example, can five Forever Stamps be utilized together with 25¢ in other postage to pay the \$2.50 postage required on a 2-pound Media Mail Single-Piece? Please explain and discuss any exceptions.
- [c] May these stamps be utilized to pay the postage on mail destined to an international destination? For example, can two Forever Stamps be utilized together with 5¢ in other postage to pay the 95¢ postage required on a 1-ounce letter to Great Britain? Please explain and discuss any exceptions.
- Please explain the rationale for any negative responses.

RESPONSE:

- [a-c] See the revised response to DBP/USPS-340. The Forever Stamp is not meant to be "forever postage" and used on items other than one-ounce letters. However, the Postal Service anticipates that, inevitably, the stamp will be used on other pieces as described in these questions and such use will be tolerated. While this introduces some potentially negative financial implications, the Postal Service recognizes, on balance, that administrative efforts *to* value the stamps at anything other than the prevailing rate for one-ounce letters would be unwieldy and subject to error.
- [d] N/A

DBP/USPS-370 Please refer to your response to Interrogatory DBPIUSPS-141. [a] In the response to subpart e you stated that the name on the credit card must match the name on the Change of Address Order. In the response to subpart c you stated that the only information provided by the credit card company to the Postal Service is whether the card is authorized or rejected. Please explain how the Postal Service will have knowledge of the name on the credit card to make a determination **of** whether or not it matches the name on the Change of Address Order.

- [b] Must the name on the credit card match the name on the Change of Address Order in all respects such as use or non-use of a middle initial andlor the use of a full first name vs. an initial only?
- [c] Can the credit card be in the name of the spouse when the Change of Address Order is in the name of the other spouse?
- [d] Please explain how an automated system will be able to make the determination of the name match.
- [e] In the response to subpart g you stated that the billing address on the credit card must match either the old or new address on the Change of Address Order. In the response to subpart c you stated that the only information provided by the credit card company to the Postal Service is whether the card is authorized or rejected. Please explain how the Postal Service will have knowledge of the billing address on the credit card to make a determination of whether or not it matches the address on the Change of Address Order.
- [f] Must the billing address on the credit card match either the old or new address on the
- Change of Address Order in all respects such as the use of "Ave." vs. "Avenue" or a 5-digit vs. a 9-digit ZIP Code or the name of the post office [whether the name of the delivery station or branch is utilized in place of the parent post office such as Weston vs. Fort Lauderdale in Florida].
- [g] Please explain how an automated system will be able to make the determination of the address match.
- [h] Does the www.usps.com website advise the customer who is submitting an online
- Change of Address Order of the need for both the name match and the address match?
- [i] If not, why not?

RESPONSE:

(a-g) See the revised response to DBPIUSPS-141. The Postal Service provides the information entered about the credit card by the purchaser to the credit card company. The credit card company performs the matching process, and informs the Postal Service whether the card is authorized or rejected. The Postal Service

cannot describe the matching process in any further detail that what is provided in DBP/USPS-141, because it is process performed by the credit card companies, not by the Postal Service.

- (h) Yes. The website says that the credit card billing address must match the purchaser's current address, or the address he or she is moving to.
- (i) Not applicable.

DBP/USPS-371 Please refer to your response to Interrogatory DBP/USPS-141.

- [a] Please refer to the response to subpart k. **Is** one dollar still the lowest minimum charge common to all credit cards for credit card validation?
- [b] If not, what is the present value?
- [c] Is there a difference between the term "credit card validation" utilized in the response to subpart \mathbf{k} and the credit card charge processing as a result \mathbf{c} a purchase transaction at a retail window as noted in subpart n?
- [d] If so, please explain and discuss.
- [e] Please explain the rationale behind the response to subpart m as to why the charge can not be less than one dollar.
- [f] Please explain the apparent difference between the response *to* subpart k which states there is a minimum charge of one dollar and the response *to* subpart n which indicates that a one cent purchase may be put on a credit/debit card.

RESPONSE:

- (a) Yes
- (b) Not applicable.
- (c)-(d) Please see the errata filed on September 21, 2006. To enhance security and prevent fraudulent changes of address, credit card information given by a COA purchaser online or over the telephone is checked against the credit card company's database to provide identity validation. Identity validation does not occur when a customer pertorms a purchase transaction at a retail window as noted in subpart n.
- (e) See the response to subpart (a)
- (f) Identity validation occurs when a customer purchases a Change of
 Address order online or over the telephone. It does not take place when a
 customer purchases a single one-cent postage stamp at a retail service
 window.

DBP/USPS-418 Please refer to your response to Interrogatory DFC/USPS-38. Please confirm, α explain if you are unable to confirm, that for all practical purposes the 13¢ nonrnachinable surcharge that exists under the present regulations for one ounce letters that have the appropriate characteristics will be replaced under the proposed regulations by a 20¢ nonmachinable surcharge [although it will not be called by that name] that will apply to all letters up to 3.5 ounces [the maximum weight for a letter].

RESPONSE

However one characterizes it, it is proposed that nonmachinable one-ounce letters, which currently pay 13 cents more than rate for machinable one-ounce letters, pay 20 cents more.

DBP/USPS-435 Please refer to your response to Interrogatory DBPIUSPS-103 subpart b. Please explain how it was possible to have 225,355 Change of Address requests by the call center at \$1 fee for each request and only have received \$78,87425 since that was only approximately 35¢ per request.

RESPONSE

As the response to DBPIUSPS-103 indicated, the Postal Service does not receive the entire dollar.

DBP/USPS-440 Please refer to your response to Interrogatory DBPIUSPS-104 subparts b and c.

If a fraudulent Change of Address Order were to be filed from address A to address B and the Move Validation Letter is sent to address A, won't it be forwarded to address B [since there is an outstanding Change of Address Order] and therefore the unsuspecting resident at address A will be unaware of the fraudulent order that had been filed?

RESPONSE:

Move Validation Letters are not forwarded.

DBP/USPS-442 Please refer to your response to Interrogatory DBP/USPS-104

subparts b and c. Since a Move Validation Letter is sent to the old address regardless of whether the Change of Address [COA] Order is submitted on the Internet, by telephone, or in writing,

- [a] please explain why the credit card validation procedure is required for a COA request submitted on the Internet.
- [b] please explain why the credit card validation procedure is required **for** a COA request submitted by telephone.
- [c] please explain why the credit card validation procedure is not required for a COA request submitted in writing?

RESPONSE:

(a-c) When a COA request is submitted in writing, a signature is required – and, as such, a certification of a false claim is implicated. Because no signature is present when a COA request is submitted over the internet or over the telephone, identity validation is required to enhance security and the prevention of fraudulent COA orders.

DBPIUSPS-557

Please refer to Report Number DR-AR-05-517 provided in your response to Interrogatory DBP/USPS-264.

On page i of the Report it states that retail associates will be required to enter the length, width, and height of some parcels into POS ONE.

- [a] Please advise the characteristics of those parcels that will require entering the dimensions into the POS ONE.
- [b] Have the modifications to the POS ONE system been completed to allow for the way retail associates measure parcels?
- If not, please advise the implementation schedule.
- Please confirm, or explain if you are unable to confirm, that entering the data into the POS ONE will perform the necessary calculations and determination of the proper postage, including any surcharge.

RESPONSE:

- a. For Priority Mail (not flat rate envelopes) weighing 1.5001 14.0 lb. and Parcel Post weighing at least 6 oz., POS ONE requires the retail associate (RA) to indicate what kind of packaging has been used for the article. If the article is not in packaging of known size (i.e., not in a USPS-supplied container), POS ONE requires the RA to enter the length. If the length (which is the longest dimension) is such that a surcharge is possible, the system also requires entry of width and depth (or girth if the article is irregular in shape).
- b.& c. The **POS** ONE changes were completed in November 2005.
- d. POS ONE evaluates the information entered by the RA, assigns the appropriate surcharge(s), and calculates the proper postage.

DBPIUSPS-559

Please refer to Report Number DR-AR-05-517 provided in your response to Interrogatory DBPIUSPS-264. Please explain the concerns that the 7.9% compliance rate that this study revealed will have on the level of compliance that will be expected with the implementation of the dim-weight program.

RESPONSE:

With the implementation of the dim-weight program, the Postal Service will make further appropriate changes to POS ONE/IRT so that retail associates are required to measure packages when necessary.

RESPONSE **OF** THE UNITED STATES POSTAL SERVICE TO DAVID **B**, POPKIN INTERROGATORY

DBP/USPS-566. Please refer to your response to Interrogatory DBP/USPS-477. Please confirm, or explain if you are unable to confirm, that if a PO-PO Next Day Express Mail article was sent from post office A on a Monday and it arrived at the window at the destination **post** office B at 4 PM Monday it would count as being delivered in zero days even though it arrived six hours after the 10 AM guaranteed delivery time.

RESPONSE:

Confirmed that, in the calculation performed in order to respond to DBPIUSPS-287, part (d), a PO-PO Next Day piece that arrived at the destination post office on the same day as which it was entered would have been calculated as being delivered in 0 calendar days. Such a piece would have met its service guarantee, which would be 10 AM on the day after entry.

DBP/USPS-568 Please refer to your response *to* Interrogatory DBP/USPS-475. The original APWU Interrogatory and response is as follows:

APWU/USPS-T32-10 On page **13** of your testimony you state that a "significant percentage" of single piece letters have handwritten addresses. How many letters in the test year had handwritten addresses? What percentage of handwritten letters are automation compatible? RESPONSE

We do not have the data on the number of single-piece letters with hand written addresses.

The Postal Service stated that they do not have data on the number of singlepiece letters that have hand-written addresses.

- [a] Please confirm, or explain if you are unable to confirm, that a number of the EXFC single-piece letter categories have handwritten addresses.
- [b] Please confirm, or explain if you are unable **to** confirm, that the various percentages utilized in the EXFC Program have been designed to match that which occurs in the overall mail stream.
- [c] Please explain why the response to the first question asked in Interrogatory APWU/USPS-T32-10 could not have been given as the sum of the percentages of EXFC categories that utilize hand-written addresses multiplied by the total mail volume to obtain the number of pieces with hand-written addresses.

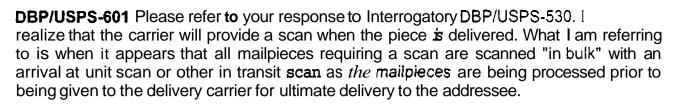
RESPONSE

- (a) confirmed.
- (b) Since no exact match is possible, not confirmed. However, EXFC pieces are intended to reflect the range of possible mailpiece characteristics, including handwritten addresses.
- (c) The Postal Service had no basis for projecting the volume of handwritten pieces in the test year, as requested. Accordingly, the Postal Service responded as it did.

DBP/USPS-600 Please refer to your response to Interrogatory DBP/USPS-528. Your response does not appear to respond to my original Interrogatory DBPIUSPS-289 subpart a, which inquired as to whether the results of the PTS would be affected if a collection or pick-up was not made as scheduled. This was clarified in DBP/USPS-528 and not responded to.

RESPONSE:

An article will be entered into PTS when it is scanned for the first time. In the example that you gave, the first scan is on Tuesday after 5:00 p.m. The last scan likely will be on Thursday morning or afternoon. The time measurement will be calculated accordingly, and would not include time before the first scan.



RESPONSE:

The Delivery Confirmation Service process does not slow up the delivery of the mail piece.

DBPIUSPS-602 Please refer to your response to Interrogatory DBP/USPS-498. Please confirm, or explain if you are unable to confirm, that the mailpiece described in the original Interrogatory would likely be processed in such a manner that it would be processed in an automated system such that any individual letter will not be observed by human eyes specifically observing that individual letter until the delivery carrier was approaching the delivery point.

RESPONSE

Not confirmed. Human visual examination of postage on individual pieces of domestic collection mail is most likely to occur either at the delivery unit or on the delivery route.

DBP/USPS-603 Please refer to your response to Interrogatory DBP/USPS-506. Please confirm, or explain if you are unable to confirm. that absent any mailer input, the clerk would only affix 9¢ in postage.

RESPONSE

Confirmed.

DBP/USPS-604 Please refer **to** your response to Interrogatory DBP/USPS-510 subparts b through e. Please explain why you believe that the wording of the proposed DMCS changes preclude the use of the Forever Stamp to pay the postage for the first ounce of a First-class Mail Single Piece letter that weighed over one ounce and up to 3.5 ounces [the maximum weight **for** a letter].

RESPONSE

The **DMCS** language reflects the intended purpose of the stamp. Re-read the response **to** subpart (c) of DBP/USPS-510.

- **DBP/USPS-605** Please refer **to** your response **to Interrogatory DBP/USPS-510** subparts **b** through e. Your response stated, "The Postal Service is considering giving postage credit for such uses at the original purchase price, but a final determination has not yet been made."
- [a] Please advise what criteria will be considered in making this determination.
- What is the current status of this determination?
- [c] When will the final determination become disclosed to the participants **in** this Docket?

RESPONSE

- (a) Revenue protection, administrative burden, and ease of use are among the factors likely to come into play.
- (b) Ongoing
- (c) The statement refers to value of the stamp beyond the R2006-1 rate cycle. The Postal Service intends to study any policy questions related to the value of the 42-cent Forever Stamp beyond the R2006-1 rate cycle before it files its next (post R2006-1) rate request. Whether the Postal Service will be able to completely resolve all such post-R2006-1 issues before the conclusion of the litigation of Docket No. R2006-1 remains to be seen

DBPIUSPS-606 Please refer to your response to Interrogatory DBPIUSPS-510 subparts b through e. Please confirm. or explain if you are unable to confirm, that under the Postal Service's <u>current</u> position on the Forever Stamp as of August 28, 2006, the date of filing the response to Interrogatory DBP/USPS-510 is that the only use that a mailer may make of the Forever Stamp is to fully pay the postage on a First-class Mail Single Piece letter weighing one ounce or less which is destined to places where the United States Postal Service operates and which does not have any of the nonmachinable characteristics [which would require payment at the rate for a flat].

RESPONSE

Not confirmed. Your interrogatory is premised upon the mistaken notion that the intended pupose of the Forever Stamp is the only use that will be tolerated. Again, re-read the response to subpart (c) of DBP/USPS-510.

DBP/USPS-607 Please refer to your response to Interrogatory DBP/USPS-510 subparts **b** through e. Please confirm, or explain if you are unable to confirm, that under the Postal Service's <u>current</u> position on the Forever Stamp as of August 28, 2006, the date **of** filing the response to Interrogatory DBP/USPS-510 is that if a mailer has utilized a Forever Stamp to fully pay the postage on a First-class Mail Single Piece letter weighing one ounce or less which is destined to places where the United States Postal Service operates and which does not have any of the nonmachinable characteristics [which would require payment at the rate for a flat], the mailer may utilize ancillary services [such **as**, Certified Mail or Registered Mail] for that one ounce letter provided the postage for the ancillary service was paid for with a means other than one or more Forever Stamps.

RESPONSE

Confirmed that that is one option. See the response to DBP/USPS-606.

DBP/USPS-608 Please refer to your response to Interrogatory DBP/USPS-510 subparts b through e. Please confirm, or explain if you are unable to confirm, that under the Postal Service's <u>current</u> position on the Forever Stamp as of August 28, 2006, the date of filing the response to Interrogatory DBPIUSPS-510 is if a mailer affixes a Forever Stamp to a post card that the stamp will have no postage value since it was not being utilized on a First-class Mail Single Piece letter weighing one ounce or less which is destined to places where the United States Postal Service operates and which does not have any of the nonmachinable characteristics. Furthermore, the mailpiece will be treated in the same manner as if it did not have any postage affixed or was shortpaid if there was any other non-Forever Stamp postage affixed which did not cover the full postage requirement. In addition, the Forever Stamp may receive a cancellation marking due to the processing of the mailpiece which would preclude its further use.

RESPONSE

Not confirmed. See the response to DBP/USPS-606.

Confirmed that the stamp would likely be cancelled and, thus, precluded from further use.

DBP/USPS-609 Please refer to your response to Interrogatory DBPIUSPS-510 subparts b through e. Please confirm, or explain if you are unable to confirm, that under the Postal Service's <u>current</u> position on the Forever Stamp as of August 28, 2006, the date of filing the response to Interrogatory DBP/USPS-510 is if a mailer affixes a Forever Stamp to a First-class Mail Single Piece letter weighing over one ounce that the stamp will have no postage value since it was not being utilized on a First-class Mail Single Piece letter weighing one ounce or less which is destined to places where the United States Postal Service operates and which does not have any of the nonmachinable characteristics. Furthermore, the mailpiece will be treated in the same manner as if it did not have any postage affixed or was shortpaid if there was any other non-Forever Stamp postage affixed which did not cover the full postage requirement. In addition, the Forever Stamp may receive a cancellation marking due to the processing of the mailpiece which would preclude its further use.

RESPONSE

Not confirmed. See the responses to DBP/USPS-606

See also the response to DBP/USPS-608.

DBP/USPS-610 Please refer to your response to Interrogatory DBP/USPS-510 subparts b through e. Please confirm, or explain if you are unable to confirm, that under the Postal Service's <u>current</u> position on the Forever Stamp as of August 28, 2006, the date of filing the response to Interrogatory DBPIUSPS-510 is if a mailer affixes a Forever Stamp to a First-class Mail Single Piece letter which has one or more of the nonmachinable characteristics that the stamp will have no postage value since it was not being utilized on a First-class Mail Single Piece letter weighing one ounce or less which is destined to places where the United States Postal Service operates and which does not have any of the nonmachinable characteristics. Furthermore, the mailpiece will be treated in the same manner as if it did not have any postage affixed or was shortpaid if there was any other non-Forever Stamp postage affixed which did not cover the full postage requirement. In addition, the Forever Stamp may receive a cancellation marking due to the processing of the mailpiece which would preclude its further use.

RESPONSE

Not confirmed. See the response to DBPIUSPS-606. See also the response to DBPIUSPS-608.

DBP/USPS-611 Please refer to your response to Interrogatory DBPIUSPS-510 subparts b through e. Please confirm, or explain if you are unable to confirm, that under the Postal Service's <u>current</u> position on the Forever Stamp as of August **28**, 2006, the date of filing the response to Interrogatory DBPIUSPS-510 is if a mailer affixes a Forever Stamp to a First-class Mail Single Piece **flat** that the stamp will have no postage value since it was not being utilized **on** a First-class Mail Single Piece letter weighing one ounce or less which is destined to places where the United States Postal Service operates and which does not have any of the nonmachinable characteristics. Furthermore, the mailpiece will be treated in the same manner as if it did not have any postage affixed or was shortpaid if there was any other non-Forever Stamp postage affixed which did not cover the full postage requirement. In addition, the Forever Stamp may receive a cancellation marking due to the processing of the mailpiece which would preclude its further use.

RESPONSE

Not confirmed. See the response to DBP/USPS-606.

See also the response to DBPIUSPS-608

DBP/USPS-612 Please refer to your response to Interrogatory DBP/USPS-510 subparts b through e. Please confirm, or explain if you are unable to confirm, that under the Postal Service's <u>current</u> position on the Forever Stamp as of August 28, 2006, the date of filing the response to Interrogatory DBP/USPS-510 is if a mailer affixes a Forever Stamp to a First-class Mail Single Piece parcel that the stamp will have no postage value since it was not being utilized on a First-class Mail Single Piece letter weighing one ounce or less which is destined to places where the United States Postal Service operates and which does not have any of the nonmachinable characteristics. Furthermore, the mailpiece will be treated in the same manner as if it did not have any postage affixed or was shortpaid if there was any other non-Forever Stamp postage affixed which did not cover the full postage requirement. In addition, the Forever Stamp may receive a cancellation marking due to the processing of the mailpiece which would preclude its further use.

RESPONSE

Not confirmed. See the response to DBP/USPS-606.

See also the response to DBP/USPS-608

DBP/USPS-613 Please refer to your response to Interrogatory DBP/USPS-510 subparts b through e. Please confirm, or explain if you are unable to confirm, that under the Postal Service's <u>current</u> position on the Forever Stamp as of August 28, 2006, the date of filing the response to Interrogatory DBPIUSPS-510 is if a mailer affixes a Forever Stamp to mailpiece including a one ounce letter destined to an international destination that the stamp will have no postage value since it was not being utilized on a First-class Mail Single Piece letter weighing one ounce or less which is destined to places where the United States Postal Service operates and which does not have any of the nonmachinable characteristics. Furthermore, the mailpiece will be treated in the same manner as if it did not have any postage affixed or was shortpaid if there was any other non-Forever Stamp postage affixed which did not cover the full postage requirement. In addition, the Forever Stamp may receive a cancellation marking due to the processing of the mailpiece which would preclude its further use.

RESPONSE

Not confirmed. Using this stamp for an International mail piece is not an intended use of the forever stamp. However, please see the response to interrogatory DBP/USPS-606. See also the response to DBP/USPS-608.

DBP/USPS-614 Please refer to your response to Interrogatory DBP/USPS-510 subparts b through e. Please confirm, or explain if you are unable to confirm, that under the Postal Service's <u>current</u> position on the Forever Stamp as of August 28, 2006, the date of filing the response to Interrogatory DBP/USPS-510 is if a mailer affixes a Forever Stamp to a mailpiece other than a First-class Mail Single Piece letter [such as. a parcel being sent by one of the package services] that the stamp will have no postage value since it was not being utilized on a First-class Mail Single Piece letter weighing one ounce or less which is destined to places where the United States Postal Service operates and which does not have any of the nonmachinable characteristics. Furthermore, the mailpiece will be treated in the same manner as if it did not have any postage affixed or was shortpaid if there was any other non-Forever Stamp postage affixed which did not cover the full postage requirement. In addition, the Forever Stamp may receive a cancellation marking due to the processing of the mailpiece which would preclude its further use.

RESPONSE

Not confirmed. See the response to DBP/USPS-606. See also the response to DBP/USPS-608.

DBP/USPS-615 Please refer to your response to Interrogatory DBP/USPS-510 subparts b through e. Please confirm, or explain if you are unable to confirm, that under the Postal Service's <u>current</u> position on the Forever Stamp as of August 28, 2006, the date of filing the response to Interrogatory DBPIUSPS-510 is if a mailer affixes a Forever Stamp to mailpiece including a one ounce letter for which either Priority Mail or Express Mail service is desired that the stamp will have no postage value since it was not being utilized on a First-class Mail Single Piece letter weighing one ounce or less which is destined to places where the United States Postal Service operates and which does not have any of the nonmachinable characteristics. Furthermore, the mailpiece will be treated in the same manner as if it did not have any postage affixed or was shortpaid if there was any other non-Forever Stamp postage affixed which did not cover the full postage requirement. In addition, the Forever Stamp may receive a cancellation marking due to the processing of the mailpiece which would preclude its further use.

RESPONSE

Not confirmed. See the response to DBP/USPS-606. See also the response to

DBPIUSPS-608

DBP/USPS-616 Please refer to your response to Interrogatory DBP/USPS-510 subparts b through e. Since the Postal Service has indicated what their interpretation of the proposed DMCS wording is, please confirm, or explain if you are unable to confirm, that if the Postal Service were to arrive at a conclusion that it would give postage credit for other unintended purposes for the Forever Stamp, it would require changing the wording of the DMCS.

RESPONSE

While the purpose of the Forever Stamp is to facilitate the mailing of one-ounce First-class Mail letters, mailers will not be penalized for using it as postage for other mail pieces in the R2006-1 rate cycle. Accordingly, there would be no need to change the proposed DMCS language intended to apply during that period. In any event, implementing language regarding postage credit for unintended purposes could be published elsewhere

DBPILISPS-617 Please refer to your response to Interrogatory DBP/USPS-510 subparts b through e. Please explain how observation of the use of the Forever Stamp during the period staring at the imposition of the 42¢ First-class Mail letter rate [assuming that it is approved] and ending at the time that the next increase is filed for [since I assume that any changes or updating of the Forever Stamp would have to be filed contemporaneously with the request for an increase in the First-class Mail letter rate] would provide any useful information to evaluate and determine the policy for unintended postage uses.

RESPONSE

Experience and observation produce information and wisdom and a more firm basis for long-term policy.

DBP/USPS-618 Please refer to your response to Interrogatory DBP/USPS-510 subparts b through e. Please confirm, or explain if you are unable to confirm, that under the Postal Service's <u>current</u> position on the Forever Stamp as of August 28, 2006, the date of filing the response to Interrogatory DBP/USPS-510, if that ultimately becomes the implemented policy as a result of this Docket and then sometime after that implementation, probably on the order of several years later, that there would be confusion caused by the change in Forever Stamp policies.

RESPONSE

Your question is premised upon a misunderstanding of current policy and appears to be the only source of confusion on this issue.

DBP/USPS-619 Please refer to your response to Interrogatory DBP/USPS-510 subpart c.

- [a] Please confirm, or explain if you are unable to confirm, that the first sentence of the proposed DMCS Section **241** states what postage may be paid by the Forever Stamp.
- [b] Please confirm, or explain if you are unable **to** confirm, that the last sentence of the proposed DMCS Section **241** states what use may be made of the Forever Stamp.
- Please explain how you believe that even though the proposed DMCS states what use may be made of the Forever Stamp any other use can also be made of them so long as the DMCS does not specifically prohibit that use.
- Does that same method of interpreting other Postal Service policies and regulations apply in a similar manner, namely, if the regulation states what can be done, anything else is also permitted unless it specifically also prohibits that use or activity.
- [e] If not, why not?

RESPONSE

- (a) The sentence addresses the intended purpose of the stamp.
- (b) The sentence addresses the intended purpose of the stamp.
- (c) Again, the intended use is not the only use that will be permitted in the R2006-1 rate cycle.
- (d) The Postal Service administers many thousands and of policies, regulations and guidelines reflected in numerous manuals, handbooks and instructions. The Postal Service has no intention of undertaking the exercise of reviewing all of this material for the purpose of determining the degree to which each provision conforms to a particular interpretive convention.
- (e) Because it is not necessary to do **so** in order to be responsive **to** issues relevant to the Forever Stamp proposal in this docket.

DBP/USPS-620 Please refer **to** your response to Interrogatory DBP/USPS-510 subparts b through e. Please confirm, or explain if you are unable to confirm, that if the proposed DMCS wording is adopted as proposed, the Postal Service could adopt the ultimate DMM regulations that prohibited any unintended postage use regardless of any informal agreements or Interrogatory responses.

RESPONSE

Not confirmed. To do so would be contrary to the Postal Service's stated intentions for the Docket No. R2006-1 rate cycle. Therefore, such interpretive language could not be adopted

DBP/USPS-621 Please refer to your response **to** Interrogatory DBPIUSPS-516.

- Please confirm, or explain if you are unable **to** confirm, that all of the non-denominated un-lettered transition stamps were ultimately issued in the same design but with a numerical denomination shown.
- Please respond to the original Interrogatory if one assumes that the Postal Service could have utilized a letter on the transition stamp in place of the number that ultimately appeared on the final denominated version **of** the same design.

RESPONSE

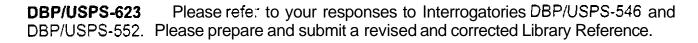
- (a) That indeed may have occurred
- (b) DBP/USPS-516 refers back to DBP/USPS-358. It is impossible to understand what is now being asked, or which question is being referred to as the "original Interrogatory."

DBP/USPS-622 Please refer to your responses to Interrogatories DBPIUSPS-547 subpart g, DBPIUSPS-548 subpart k, and DBP/USPS-549 subpart i.

- [a] Please confirm, or explain if you are unable to confirm, that the Postal Service is not intending to develop a policy for unintended postage use and applications for the Forever Stamp prior to the completion of the litigation on Docket **R2006-1**.
- Please confirm, or explain if you are unable to confirm, that the Postal Service is expecting the Commission to approve the Forever Stamp under the Postal Service's current position on the Forever Stamp as of August 28, 2006, the date of filing the response to Interrogatory DBP/USPS-510 is that the only use that a mailer may make of the Forever Stamp is to fully pay the postage on a First-class Mail Single Piece letter weighing one ounce or less which is destined to places where the United States Postal Service operates and which does not have any of the nonmachinable characteristics [which would require payment at the rate for a flat].
- [c] Please explain why the Postal Service submitted this proposal to the Commission without being fully explored and evaluated.

RESPONSE

- (a) Not confirmed. That policy for purposes of the R2006-1 rate cycle is already clear.
- (b) Not confirmed
- (c) In the minds of some, no rate or classification proposal is ever "fully" explored and/or evaluated. Nevertheless, in 35 years, the Postal Service, the rest of the intervenors and the Commission have repeatedly managed to develop evidentiary records sufficient to provide a basis for sound-decision-making by focusing on the issues that are relevant to the *material* aspects of mail classification and rate proposals under review. In this regard, the Forever Stamp proposal is not exceptional.



RESPONSE

The Library References are not incorrect. The imperfections of their production have been documented in such way as to permit readers to locate and focus on relevant materials.

DBP/USPS-624 Please refer to your response to Interrogatory DBP/USPS-537.

- [a] Please advise the date of the current version of Notice 3-A.
- Please provide the specific wording that appears on the Notice 3-A that serves to provide additional guidelines to postal acceptance clerks as opposed to reformatting the DMM regulations to place them in a more convenient format.

RESPONSE

The 1997 template provides guidance that goes beyond the mere convenient reformatting of Domestic Mail Manual text. It serves as a measuring device that can be applied to test the machinability of actual mail pieces.

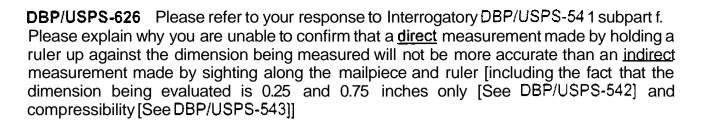
DBP/USPS-625 Please refer to your response to interrogatory DBP/USPS-540.

I am still attempting **to** determine the rationale for assessing the mailer of a standard 6- by 9-inch kraft envelope with a metal clasp with the nonmachinable surcharge if the mailpiece weighs less than one ounce. For purposes of this response assume that there are no other characteristics of the mailpiece which would trigger the surcharge. Assume that it is a plain envelope with two sheets of 8-112 by 11-inch paper neatly folded in half and inserted in the envelope, the envelope does not have a plastic tag enclosure, and has the address parallel **to** the longer dimension of the envelope. Is the rationale for the application of the surcharge based on:

- [a] the unevenness of the mailpiece caused by the thickness of the physical clasp? The metal clasp does have a thickness that makes that part of the envelope slightly thicker than the rest of the envelope.
- the ability of the clasp to catch on something else during processing?
- the rigidness of the mailpiece caused by the metal clasp? The metal clasp is metal and conceivably could pose a problem by making the mailpiece too rigid.
- [d] If there is any other specific physical condition for the application of the surcharge, please specify.

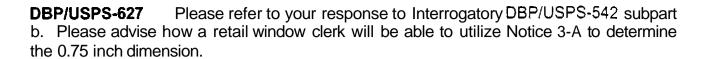
RESPONSE

Please refer to the response to DBP/USPS-540(b).



RESPONSE

The answer to DBP/USPS-541 speaks for itself. No clarification or explanation is necessary.

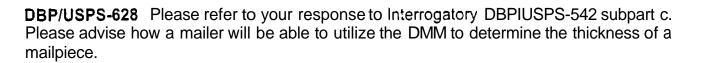


RESPONSE

The Notice 3A is one of two measuring tools mentioned in the response to subpart (b).

That response never implied that the 3A was the tool for use in determining whether thickness exceeded 0.75 inches.

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RESPONSE

The response to subpart (c) refers to two tools that could be used to measure thickness. That response never implied that the DMM could be used to determine thickness, only that it could be used to determine the rate consequences of particular degrees of thickness.

6970

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORY OF DAVID POPKIN

DBP/USPS-629 Please refer to your response to Interrogatory DBP/USPS-544.

- [a] Please advise the types **of** "available tools" that will be available to virtually all, if not all, of the retail window clerks to allow them to measure the mailpiece.
- [b] If these tools will not be available to all retail window clerks, please explain.

RESPONSE

(a-b) The available measuring tools are referenced in the responses. There *is* no basis for assuming a change in their availability in the test year.

DBP/USPS-632 Please refer to your response to Interrogatory DBPIUSPS-559. Please advise the system that will be implemented to implement the dim-weight program as far as what types of parcels will require what types of entries and how those numbers were arrived at.

RESPONSE:

The requested information is not available at this time.

DBP/USPS-633. Please refer to your response to Interrogatory DBP/USPS-471 revised on August 30, 2006. Please advise why no record and internal accounting is made for charging insured parcels to the delivering employees in a similar manner as done on PS Form 3867 with other types of accountable mail.

RESPONSE:

The Postal Service believes that the current procedures with regard to Insurance fulfill its needs. Moreover, adding any more steps to the process would increase costs associated with the product, possibly leading to higher fees for the consumer. The Postal Service, however, has not studied these costs.

DBP/USPS-634 Please refer **to** your response **to** Interrogatory DBP/USPS-562. Please respond **to** the original Interrogatory with the obviously typographical errors corrected as follows:

Please refer to your response to Interrogatory DBP/USPS-454.

- [a] Please define the words "logistically feasible" as used in your response.
- Please advise the specific conditions that would make the scenario described in subpart a **of** Interrogatory DBP/USPS-454 not "logistically feasible."

RESPONSE

- [a] The term references the possibility that some presently unknown barrier to a bifurcated implementation may surface **so** as **to** make it not workable from the point of view of the Postal Service and/or the Board of Governors andlor the Governors.
- (b) It cannot be known what specific conditions might make a scenario infeasible until those specific conditions arise and available information at that time leads to a determination regarding feasibility. The possibility of such a scenario cannot be excluded. The likelihood of such a prospect cannot be predicted.

DBP/USPS-635 Please refer to your response to Interrogatory DBP/USPS-562.

- [a] In the past, have the Board of Governors ever implemented an Opinion and Recommended Decision in a staggered manner?
- [b] If so, please provide details.
- If so, please respond to the original subpart c of Interrogatory DBP/USPS-562.

RESPONSE

- (a) Yes.
- (b) Selection **of** specific implementation dates is a matter beyond the province of the Postal Rate Commission and the ratemaking process. Without waiving its right to object to this and other questions, the Postal Service invites your attention **to** the April **8**, 2002 Decision of the Governors in Docket No. R2001-1, as it pertains **to** electronic Return Receipt service, which may be accessed via the Archive function on the PRC website.
- (c) The Postal Service responded fully **to** the original subpart (c) **of** DBPIUSPS-562.

DBP/USPS-636 Please refer to your response to Interrogatory DBP/USPS-567. Please confirm, or explain if you are unable to confirm, that in general when postage stamps are issued, they are issued for a specific value and will always have that value even though they may require additional postage to accomplish the same function. For example, during the period from June 30, 2002, to January 7, 2006, the Postal Service sold a 374 stamp which would serve the purpose of a one-ounce Single Piece First-class Mail letter and from January 8, 2006, on if one wanted to use a 37¢ stamp on a similar mailpiece, it would be necessary at affix an additional 2¢ in postage.

RESPONSE

Confirmed.

DBPIUSPS-637 Please refer *to* your response *to* Interrogatory DBP/USPS-418.

- Your response did not refer *to* the status of letters that weigh between one ounce and 3.5 ounces. For example, will a 1.6 ounce mailpiece that meets the definition of a letter but has a one or more characteristics that would subject it today *to* a 13¢ nonmachinable surcharge [if such a surcharge were *to* be applicable to over one ounce letters] pay the rate under the proposed regulations for a 2-ounce letter of 62¢ or a 2-ounce flat of 82¢? Examples of such a mailpiece would be a birthday card measuring 6-by 6-inches or a 6- by 9-inch envelope sealed with a metal clasp [the weight would be 1.6 ounces and the thickness would be less than 0.25 inches in either case].
- [b] If the requirement *to* use the postage rates for flats on letters that have one or more nonmachinable characteristics applies to letters weighing one ounce or less, please confirm, or explain if you are unable to confirm, that the postage for both a one ounce and a two ounce letter with one or more nonmachinable characteristics will be the same.

RESPONSE

- [a] The mail piece described in your question would pay the 2 ounce rate for a flatshaped piece which is proposed *to* be 82 cents.
- The basic postage for the piece described in your question will be the proposed rate for flat-shaped pieces of 62 cents. The two ounce piece will have additional ounce proposed postage of 20 cents. Confirmed that 42 plus 20 equals 62

DBP/USPS-638 Please refer to your response to Interrogatory DFC/USPS-T48-22. Please advise the date that the six page paper that was attached to the response was prepared.

RESPONSE

February 2006.

6978

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORY OF DAVID POPKIN

DBP/USPS-639 Please refer to the attachment to your response to Interrogatory DFC/USPS-T48-22. This attachment raises a number of questions and presents a number of statements on how the Forever Stamp will be considered and implemented. Have all of these questions and statements been incorporated into the proposal as presented in Testimony T-48 and the subsequent discovery that has been conducted or must each of these questions and statements be litigated based on this attachment?

RESPONSE

No and no.

DBP/USPS-641 Please refer to your response to Interrogatory DBP/USPS-602. Please confirm, or explain if you are unable to confirm, that every individual piece of mail which has been processed into delivery point sequencing [DPS] and arriving at a delivery unit will not be examined individually by the delivery carrier until helshe is out on the delivery route.

RESPONSE

The Postal Service cannot confirm that individual piece examination of DPS'd mail never occurs at a delivery unit before carriers go **out** on their delivery routes.

DBP/USPS-642 Please refer to your response to Interrogatory DBPIUSPS-619.

- [a] Please confirm, or explain if you are unable to confirm, that DMCS Section 941.21 states that "Certified Mail service is available for matter mailed as First-Class Mail."
- [b] Please confirm, or explain if you are unable to confirm, that First-class Mail may utilize Certified Mail because DMCS Section 941.21 states that "Certified Mail service is available for rnatter mailed as First-class Mail."
- [c] Please confirm, or explain if you are unable to confirm, that mail services other than First-class Mail such as, Express Mail, Periodicals, Standard Mail, Package Services may not utilize Certified Mail service because they are not listed in those services shown in DMCS Section 941.21,
- [d] Please confirm, or explain if you are unable to confirm, that if the Postal Service intended that if mail services other than First-class Mail such as, Express Mail, Periodicals, Standard Mail, Package Services were to be able to utilize Certified Mail service they would also have to be listed in DMCS Section 941.21.

RESPONSE

- (a) Confirmed.
- (b) Confirmed.
- (c) Those mail classes may not utilize Certified Mail service because the Governors have not established a classification authorizing a relationship between Certified Mail service and those mail classes.
- (d) The question asked calls for the statement of a legal conclusion as opposed a statement of fact. The Postal Service can confirm that listing services other than First-class Mail in the DMCS -- for which Certified Mail service would, hypothetically be available as a result of a Governors decision -- along with First-Class Mail in DMCS section 941.21 would result in all of the mail classes being listed together there.

DBP/USPS-643 Please refer **to** your response to Interrogatory DBPIUSPS-619 subpart **c.** Please explain why you believe that other uses other than the intended use for the Forever Stamp will be authorized without being provided for in the DMCS wording.

RESPONSE

A cursory comparison of the Domestic Mail Classification Schedule, the current Domestic Mail Manual, the companion DMM Quick Service Guide, and the Customer's Guide to Mailing (Domestic Mail Manual 100 Series) --followed by some thoughtful reflection -- should lead the reader to appreciate that everything that is authorized by and consistent with the DMCS is not reflected in the DMCS. Much of that which is authorized by but not specifically addressed in the DMCS appears in such publicly accessible documents as the DMM, the Quick Service Guide andlor the Customer's Guide

DBP/USPS-644 Please refer to your response to Interrogatory DBP/USPS-604. You ask me to reread the response to subpart [c] of DBP/USPS-510. That response indicates that there is a possible ambiguity in the term "first ounce". If I reread the response to subpart [c], I must also reread the response to subpart [b] which states very specifically what the correct interpretation of the Forever Stamp policy is and further states that the Postal Service is only considering making a change.

After responding to Interrogatories DBP/USPS-642 and 643, please re-evaluate and rerespond to the original Interrogatory DBP/USPS-604.

RESPONSE

The response to DBP/USPS-510 reiterates the intended purpose of the Forever Stamp. Nothing in that response, nor anything in the responses to DBPIUSPS-604, 642 or 643 precludes mailers from applying Forever Stamps to pay the postage on multi-ounce pieces or suggests that such use would not be tolerated. Please re-evaluate your interpretation of the responses to DBP/USPS-510 and 604.

6983

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORY OF DAVID POPKIN

DBP/USPS-645 Please refer to your response to Interrogatory DBPIUSPS-605 subpart a. Please confirm. or explain if you are unable to confirm, that the level of confusion to the mailing public **will** also be considered.

RESPONSE

The concept of "potential for confusion" is subsumed in the concept of "ease of use."

DBPIUSPS-646 Please refer to your response to Interrogatory DBP/USPS-605. Please confirm, or explain if you are unable to confirm, that the response made to subpart b of Interrogatory DBP/USPS-510 is still the current status of the Postal Service's Forever Stamp implementation plan.

RESPONSE

Implementation planning for all aspects of the R2006-1 rate cycle, including the Forever Stamp, will be "ongoing" until implementation is completed.

DBP/USPS-647 Please refer to your response to Interrogatory DBP/USPS-606. Please explain why my notion that the intended purpose of the Forever Stamp is the only use that will be tolerated is a mistaken notion based on the response to subpart [b] of Interrogatory DBP/USPS-510 which states very specifically what the correct interpretation of the Forever Stamp policy is and further states that the Postal Service is only considering making a change.

RESPONSE

DBP/USPS-510 reflects the intended purpose of the Forever Stamp, not the only use that will be tolerated.

DBP/USPS-648 Please refer to your response to Interrogatory DBP/USPS-607. You indicate that that is one option. Please provide all of the other options that could exist that are compliant with the current Postal Service interpretation of the use of Forever Stamps as enumerated in the response to subpart b of Interrogatory DBP/USPS-510.

RESPONSE

The mailer's use of Forever Stamps to pay for the ancillary services would also be tolerated and thus, constitute, a second option.

DBP/USPS-649 Please refer to your response to Interrogatory DBPIUSPS-608. Please explain why you were not able to fully confirm the scenario presented in the original Interrogatory DBPIUSPS-608 since it appears to be in full compliance with existing Postal Service regulations for shortpaid/unpaid mail and the current Postal Service interpretation of the use that may be made of the Forever Stamp as provided in the response to subpart b of Interrogatory DBP/USPS-510.

RESPONSE

Because the question incorrectly assumed that the Postal Service would consider a postcard, for which less than 42 cents postage was required and to which a Forever Stamp was affixed. as having no postage or as being shortpaid.

DBP/USPS-650 Please refer to your response to Interrogatory DBPIUSPS-609. Please explain why you were not able to fully confirm the scenario presented in the original Interrogatory DBP/USPS-609 since it appears to be in full compliance with existing Postal Service regulations for shortpaid/unpaid mail and the current Postal Service interpretation **of** the use that may be made of the Forever Stamp as provided in the response to subpart **b** of Interrogatory DBPIUSPS-510.

RESPONSE

Because, although it refers to a different mail piece, DBPIUSPS-609 is premised upon the same flawed assumption as DBPIUSPS-608.

DBP/USPS-651 Please refer **to** your response to Interrogatory DBPIUSPS-610. Please explain why you were not able to fully confirm the scenario presented in the original Interrogatory DBP/USPS-610 since it appears to be in full compliance with existing Postal Service regulations for shortpaidlunpaid mail and the current Postal Service interpretation of the use that may be made of the Forever Stamp as provided in the response to subpart b of Interrogatory DBPIUSPS-510.

RESPONSE

Because, although it refers to a different mail piece, DBPIUSPS-610 is premised upon the same flawed assumption as DBPIUSPS-608 and 609.



DBP/USPS-652 Please refer to your response to Interrogatory DBPIUSPS-611. Please explain why you were not able to fully confirm the scenario presented in the original Interrogatory DBP/USPS-611 since it appears to be in full compliance with existing Postal Service regulations for shortpaidlunpaid mail and the current Postal Service interpretation of the use that may be made of the Forever Stamp as provided in the response to subpart b of Interrogatory DBP/USPS-510.

RESPONSE

Because, although it refers to a different mail piece, DBPIUSPS-611 is premised upon the same flawed assumption as DBP/USPS-608, 609 and 610.

DBP/USPS-653 Please refer to your response to Interrogatory DBPIUSPS-612. Please explain why you were not able to fully confirm the scenario presented in the original Interrogatory DBP/USPS-612 since it appears to be in full compliance with existing Postal Service regulations for shortpaidlunpaid mail and the current Postal Service interpretation of the use that may be made of the Forever Stamp as provided in the response to subpart b of Interrogatory DBP/USPS-510.

RESPONSE

Because, although it refers to a different mail piece, DBP/USPS-612 is premised upon the same flawed assumption as DBP/USPS-608, 609, 610 and 611.

DBP/USPS-654 Please refer to your response to Interrogatory DBPIUSPS-613. Please explain why you were not able to fully confirm the scenario presented in the original Interrogatory DBP/USPS-613 since it appears to be in full compliance with existing Postal Service regulations for shortpaidlunpaid mail and the current Postal Service interpretation of the use that may be made of the Forever Stamp as provided in the response to subpart b of Interrogatory DBPIUSPS-510.

RESPONSE

Because, although it refers to a different mail piece, DBP/USPS-613 is premised upon the same flawed assumption as DBP/USPS-608, 609, 610, 611 and 612

DBP/USPS-655 Please refer to your response to Interrogatory DBPIUSPS-614. Please explain why you were not able to fully confirm the scenario presented in the original Interrogatory DBPIUSPS-614 since it appears to be in full compliance with existing Postal Service regulations **for** shortpaidlunpaid mail and the current Postal Service interpretation **of** the use that may be made of the Forever Stamp as provided in the response **to** subpart **b** of Interrogatory DBP/USPS-510.

RESPONSE

Because, although it refers to a different mail piece, DBPIUSPS-614 is premised upon the same flawed assumption **as** DBP/USPS-608, 609, 610,611, 612 and 613.

DBP/USPS-656 Please refer to your response to Interrogatory DBP/USPS-615. Please explain why you were **not** able to fully confirm the scenario presented in the original Interrogatory DBPIUSPS-615 since it appears to be in full compliance with existing Postal Service regulations for shortpaidlunpaid mail and the current Postal Service interpretation of the use that may be made of the Forever Stamp as provided in the response to subpart b of Interrogatory DBPIUSPS-510.

RESPONSE

Because, although it refers to a different mail piece, DBPIUSPS-615 is premised upon the same flawed assumption as DBP/USPS-608, 609, 610, 611, 612, 613 and 614.

DBP/USPS-657 Please refer to your response to InterrogatolyDBP/USPS-616. Please explain how the you are able to make a "positive" statement that "mailers will not be penalized for using it as postage for other mail pieces in the R2006-1 rate cycle" when that statement is in direct conflict with the statement made in response to subpart b of Interrogatory DBP/USPS-510 where you state that the Postal Service is only considering giving postage credit for such uses.

RESPONSE

The Postal Service sees no conflict between the two statements. A conflict would exist if the Postal Service had stated that it would give no credit for alternate uses. The response to DBPIUSPS-616 should be interpreted as a clear indication that the Postal Service has explored the issue and has moved beyond *considering* giving postage credit for such uses and intends to give such credit.

DBP/USPS-658 Please refer to your response to Interrogatory DBPIUSPS-616.

- Please explain why you believe that implementing language regarding postage credit for unintended purposes [should the Fostal Service change the position provided in response to subpart b of Interrogatory DBP/USPS-510 which stated that such use was being considered] could be published elsewhere other than the DMCS.
- [b] Please advise where you believe the publication would take place.

- (a) Because it would be similar to and serve the same function as the myriad rate and classification implementation details that are published in the Domestic Mail Manual, the Quick Service Guide and/or Consumer's Guide to Mailing.
- (b) Several options are listed in response to subpart (a).

DBPIUSPS-659 Please refer to your response to Interrogatory DBPIUSPS-618. You state that there is a misunderstanding of the current policy. What is the current policy and does it differ from the very clear policy specified in response to subpart b of Interrogatory DBPIUSPS-510?

RESPONSE

As indicated in response to DBP/USPS-657, current policy should be clear when the responses to DBP/USPS-510 and 616 are read together.

DBP/USPS-660 Please refer to your response to Interrogatory DBP/USPS-620.

- [a] What are the Postal Service's stated intentions with respect to any unintended postage use of the forever stamp for the Docket No. R2006-1 rate cycle? Please explain how this intention complies with the interpretation provided in response to subpart b of Interrogatory DBPIUSPS-510.
- Please confirm, or explain if you are unable to confirm, that the term R2006-1 rate cycle would be the time frame when the single-piece First-class Mail rate would be 42¢ [assuming that rate is approved].

- (a) See the responses to DBP/USPS-616 and 657.
- (b) As far as that goes, we are on the same page.

DBP/USPS-661 Please refer to your response to Interrogatory DBPIUSPS-621.

The original Interrogatory referred to was DBPIUSPS-516.

RESPONSE

In terms of stamp design, what is "attractive" depends on the subjective aesthetic sense of the individual beholder. Reasonable minds can disagree about whether a particular stamp design or alternative features (such as numerals or letters) or a combination of features within a particular design is or is not 'attractive." Such matters are nearly impossible to discuss in the abstract, in the absence of a specific design proposal. Accordingly, it is impossible to say that placing a letter on a stamp "will not affect the ability to produce more attractive transition stamps."

DBP/USPS-662 Please refer to your response to Interrogatory DBPIUSPS-622.

- [a] You state that the policy for unintended postage use for the purposes of the R2006-1 rate cycle is already clear. What is the Postal Service's policy with respect to any unintended postage use of the forever stamp for the Docket No. R2006-1 rate cycle? Please explain how this intention complies with the interpretation provided in response to subpart b of Interrogatory DBPIUSPS-510.
- [b] Please explain why you were not able to confirm the response to subpart b of Interrogatory DBP/USPS-622.

- (a) See the response to DBP/616 and 657.
- (b) See the responses to DBPIUSPS 616, and 647-657.

DBP/USPS-663 Please refer to your response to Interrogatory DBPIUSPS-624.

- [a] Please confirm, or explain if you are unable **to** confirm, that there is a December 2005 version of the template Notice 3-A and that that is the latest version.
- The response to subpart b of Interrogatory DBPIUSPS-624 failed to provide the specific wording that serves to provide additional guidelines to postal acceptance clerks **as** opposed to reformatting the DMM regulations to place them in a more convenient format **or** to provide a convenient way **to** measure the various mailpieces.

- (a) Confirmed.
- (b) The Postal Service has never stated that any specific aspect of the Notice 3A provided "additional guidelines" as opposed to reformatting the DMM regulations to place them in a more convenient format and providing a convenient way to measure rnailpieces. Accordingly, the Postal Service does not consider that it is obliged by this interrogatory to support an assertion that has been improperly attributed to it. The only *failure* here appears to be in the mischaracterization of the response to DBP/USPS-624(b).

DBP/USPS-664 Please refer to your response to Interrogatory DBP/USPS-625.

- Please confirm, or explain if you are unable **to** confirm, that the responses made to subparts a, c. and d of Interrogatory DBP/USPS-540 no longer apply to the reworded Interrogatory DBP/USPS-625 and that the only reason for the implementation of the nonmachinable surcharge to the mailpiece described in Interrogatory DBP/USPS-625 is as noted in the response to Interrogatory DBP/USPS-625 which refers **to** the ability of the clasp to catch on something else during processing as indicated by the response, 'Yes" to subpart b **of** Interrogatory DBP/USPS-540.
- Please confirm, or explain if you are unable to confirm, that if a mailer affixes a piece **of** tape over the clasp on the mailpiece described in Interrogatory DBP/USPS-625 **so** that there will be no ability for the clasp **to** catch on something else during processing that the mailpiece wil! no longer require payment **of** the nonmachinable surcharge.

- (a) Each of the lettered criteria (a-i) in DMM 101.1.2 operates independently. It is possible for a mail piece to be nonmachinable because it meets any one of those criteria. It is possible for an envelope that is nonmachinable under DMM 101.1.2(c) to also be nonmachinable under one or more of the other criteria DMM 1012.1.2.
- (b) That is possible. See the response to subpart (a).

DBP/USPS-665 Please refer to your response to Interrogatory DBP/USPS-626.

- [a] Please explain how the answer to Interrogatory DBPIUSPS-541 speaks for itself. Have any individuals performed direct **measurements** of lengths and widths of thick envelopes **vs**. indirect measurements of the envelope thickness?
- [b] **If** not, why not?
- [c] Please explain the term parallax as it relates to observations made of the reading of a ruler.
- [d] Please confirm, or explain if you are unable to confirm, that the indirect measurement of the thickness of a thick **envelope** will have a greater parallax error than the direct measurement of the length and width of the same envelope.

- (a) Very concisely and clearly. Yes.
- (b) N/A.
- (c) As has been demonstrated by its responses to interrogatories along this line, if the Postal Service had any inkling that there was even the most remote relationship between an answer to this question and any of the rate or classification proposals the Postal Rate Commission has been asked to consider in this docket, it would respond. However, this particular question has no such nexus to Docket Yo. R2006-1. The Postal Service assumes that, after reading this response, all intervenors in this proceeding will agree that the Commission's staff should be spared the burden of any motion practice related to the Postal Service's determination to invite, by this response, an end to this irrelevant line of questions.
- (d) Not confirmed, because the Postal Service has conducted no such analysis, and is aware of no expert analysis in evidence in this docket which would support or refute such a conclusion and, therefore, has no basis for offering a view on the matter.

DBP/USPS-666 Please refer to your response to Interrogatory DBP/USPS-629. Please confirm, or explain if you are unable to confirm, that if the Commission and Board of Governors approve the proposed shape based rates for single-piece First-Class Mail that the only tools that the retail window clerks will have to determine whether a mailpiece is eligible for the letter rate vs. the flat rate vs. the parcel rate will be a Notice 3-A template, a ruler, and the DMM to determine the rate consequences of the measurements.

RESPONSE

Not confirmed. It also can be assumed that other existing publications, such as the Quick Service Guide and the Consumer's Guide to Mailing, will be revised. It is unknown at this time what additional tools or guidelines may also be developed or available at the beginning of or during the R2006-1 rate cycle. Accordingly, the Postal Service lacks sufficient information with which to confirm your hypothesis that the only tools and guidelines that will be available are the ones that you listed.

DBP/USPS-667. Please refer to your response to Interrogatory DBP/USPS-633. Please explain the rationale for the belief that the current procedures with regard **to** Insurance fulfill **its** needs.

RESPONSE:

The Postal Service's needs are met with the current procedures because any benefit that would result from having carriers sign out Insured mailpieces would not justify the extra effort and cost. See the response to DBP/USPS-633.

DBP/USPS-668 Please refer to your response to Interrogatory DBP/USPS-637. I am somewhat confused by the answers to Interrogatory DBP/USPS-637. The response to subpart a appears to state that the conversion of a <u>letter-shaped</u> mailpiece with one or more of the nonmachinabte characteristics will pay the rate for flat-shaped mail <u>regardless of the weight</u> [any weight up to 3.5 ounces]. The response to subpart b appears to indicate that the conversion will only take place for letter-shaped mailpieces of one ounce or less. Please clarify.

RESPONSE

Nonmachinable letter-size pieces will be subject **to** the applicable postage for a flat-size piece, based on weight. For example, a one ounce nonmachinable letter would pay the one ounce flat size price. **A** 2-ounce nonmachinable letter would pay the 2-ounce flat size price. **A** 3-ounce nonmachinable letter would pay the 3-ounce flat size price.

DBP/USPS-669 Please refer to your response to Interrogatory DBP/USPS-639. Based on your response stating "No and no" leads me to believe that you misread the intent of my Interrogatory. The intent of the question was to confirm that all of the questions and statements that were presented in the February 2006 attachment to the response to Interrogatory DFC/USPS-T48-22 were considered by Witness Taufique and either adopted, modified, or rejected **before** preparing his T-48 Testimony and the subsequent Forever Stamp discovery. For example, the February 2006 document discusses the possibility of charging a premium for the Forever Stamp or limiting the time period that it will be sold. Both of these have been evaluated and dismissed and therefore are <u>not</u> back on the table as a possibility.

Please clarify your response.

RESPONSE

The answers were directly responsive to the two specific questions that were asked. Accordingly, the responses **require** no clarification. Whatever your *intent* may have been when you began to formulate DBP/USPS-639, for better or for worse, the Postal Service can only respond to the auestions that *you* commit **to** writing, using the words that *you* choose. The Postal Service **is** never in a position to know, except in circumstances such as those now present, whether you intended to ask a question different from the one you composed and filed with the Commission.

The February 2006 document reflects **a** host of potential Forever Stamp characteristics and issues compiled for discussion and consideration at a time when the market research was being developed and before the Forever Stamp concept reflected in USPS-T-48 was developed. The document was reviewed by witness Taufique before he prepared USPS-T-48. Had the Postal Service intended **to** limit the sale of the proposed 42-cent Forever Stamp **to** a circumscribed time frame or to charge more than 42 cents per stamp, witness Taufique's testimony would have **so** indicated.

DBP/USPS-672 Please refer to your response to Interrogatory DBPIUSPS-284. The New York Metro Area provides extended retail service window hours at many facilities throughout the Area of 7 PM Weekdays and 4 PM Saturday. [a] Have any of the other Areas provided a similar extension of retail service window hours in a similar manner as the New York Metro Area even though the specific times may be different?

- [b] If so, please provide the details.
- [c] Please provide a listing broken out by Area showing the number of facilities that have these extended hours.
- [d] Please discuss the reasons behind the implementation of this service.
- [e] Please discuss the success or lack of success ${\bf d}$ this program.
- [f] Please discuss any plans to expand or reduce the number of facilities that have these extended hours.

RESPONSE:

(a)-(9 The Postal Service cannot confirm that "The New York Metro Area provides extended retail service window hours at many facilities throughout the Area of 7PM Weekdays and 4PM Saturday." As stated in the response to DBP/USPS-284, facilities adjust retail service window hours in order to best meet the needs of their customers

DBPIUSPS-674

Please refer to your responses to the following Interrogatories: DBPIUSPS-293 through 369, DBP/USPS-454 through 461, DBP/USPS-480 through 482, DBP/USPS-488 through 518, DBP/USPS-546 through 552, DBPIUSPS-562 through 565, DBP/USPS-567, DBPIUSPS-569 through 570, DBP/USPS-602 through 623, DBPIUSPS-634 through 636, DBPIUSPS-638 through 639, DBPIUSPS-642 through 662, DBPIUSPS-669.

The Interrogatories relate to the Postal Service's proposal for the implementation of a Forever Stamp.

The Federal Register for today, September 27, 2006, [71FR56587], contains the Postal Service's proposed rules for implementing the changes proposed in Docket No. R2006-1. One of the proposed rule changes relates to a change in the policy for implementing the Forever Stamp.

The responses to many of these Interrogatories including the most recent responses are based on the information contained in the Postal Service's response to subpart **b** of Interrogatory DBPIUSPS-510 as follows:

Another possible interpretation, which would be the correct one, is that the [b] Forever Stamp is intended for use on single-piece First-class Mail oneounce letters. This excludes the first-ounce rate component of letters weighing more than one ounce. However, as acknowledged in the response to DBP/USPS-340, some mailers will at times use the Forever Stamp for an unintended purpose, whether a First-class Mail flat or parcel, a First-class Mail letter weighing more than one ounce, or another mail class altogether. The Postal Service is considering giving postage credit for such uses at the original purchase price, but a final determination has not yet been made. During the Forever Stamp's first rate cycle, from the time of its proposed inception when Docket No. R2006-1 rates are implemented, until rates are once again changed, there will be no difference between the stamp's value (proposed at 42 cents) and its purchase price (proposed at 42 cents). Therefore, how to value unintended postage uses will not be a (financial) issue. During the first rate cycle, the Postal Service will observe use of the Forever Stamp and develop a policy for unintended postage uses, which will become a financial issue in subsequent rate cycles (when the stamp's value may exceed its original purchase price).

This response indicates that the Forever Stamp will be valid for one use and one use only, that being to pay the postage on a one-ounce First-class Mail single-piece letter.

DBPIUSPS-674 (continued)

As noted in the proposed revision to **DMM** Section 604.1.10 appearing in today's Federal Register, the Postal Service **is** allowing the Forever Stamp **to** be utilized with a postage value of the then current First-class Mail single-piece I-ounce letter rate **for all** uses for which postage stamps may be used. The following is the proposed DMM wording:

604.1.10 Additional Standards for Forever Stamps
Forever stamps are sold for the price of the current First-class Mail single-piece
1-ounce letter rate in 133.1.5. The postage value of each forever stamp is the current First-class Mail single-piece 1-ounce letter rate

Based on this proposed change, many of the responses to previously submitted Interrogatories are no longer valid.

Rule 26f of the Commission's Rules of Practice is as follows:

(f) Supplemental answers. The individual or participant who has answered interrogatories is under the duty to seasonably amend a prior answer if he/she obtains information upon the basis of which helshe knows that the answer was incorrect when made or is no longer true. Participants shall serve supplemental answers to update or to correct responses whenever necessary, up until the date the answer could have been accepted into evidence as written cross-examination. Participants tiling supplemental answers shall indicate whether the answer merely supplements the previous answer to make it current or whether it is a complete replacement for the previous answer.

In accordance with the provisions of subpart *f* of Rule 26 of the Commission's Rules of Practice. please provide amended responses **tc** all of the above referenced Interrogatories **to** ensure that all of them will be **true** based on the current belief and policy of the Postal Service.

RESPONSE

The response to subpart (b) **of** DBP/USPS-510 indicates that the intended purpose (not the sole use) of the Forever Stamp is **to** cover the postage on one-ounce First-class Mail letters. **A** number **of** other subsequent interrogatory responses on this issue indicate that other uses are expected to be tolerated. The Federal Register notice is consistent with this proposed policy. The revised answers to DBP/USPS 340 and 341. filed yesterday, are now consistent as well.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO REQUEST FOR PRODUCTION OF DOCUMENTS FROM DOUGLAS CARLSON

DFC/USPS-76. Please refer to the response to DFC/USPS-35.

- a. Please provide all data requested in DFC/USPS-35, including the area of the box. This field may be known in the CPMS as the "location type code."
- b. Please provide the **SQL** query used to extract the data requested in this interrogatory.

- a. Excel files that include the additional "location type" field requested have been provided.
- b. Objection filed.

OCA/USPS-78. An article appears it the July 13, 2006, issue of FederalTimes.com. entitled "Pay-for-Performance plan boosts managers' salaries." In the article a "3-year-old pay-for performance system" is described. Please furnish memoranda, manuals, slides, notices, instructions, guidelines, and any other documents that give a complete picture of this system.

a. In the article, it is also stated:

Under the program, employees are graded on a variety of criteria, which vary depending on one's position and responsibilities. One factor might be how much revenue increased in a particular post office; another might be how much timely overnight deliveries exceeded expectations.

Pay raises are determined according to how well each manager met personal goals set by his supervisor, how well his post office or facility met its goals and how well *the* Postal Service as a whole met national goals.

* * * * *

The Postal Service said it has designed a program whose metrics provide an accurate measurement of employee performance, which in turn is directly tied to the performance of the national organization.

Those measuring instruments are still being tweaked

In the request for documents, OCA places particular emphasis on how pay-forperformance is tied to timeliness, delivery, and service scores for particular subclasses, special services, products, retail services, and delivery services.

- **b.** Specifically state how pay-for-performance is affected by meetinglnot meeting/exceeding service standards for the following subclasses and services:
 - Express Mail
 - ii. Priority Mail
 - iii. First-class Mail
 - iv. Retail Package Services
 - v. Parcel Select
- c. **Also** state how pay-for-performance is affected by providing high/poor quality service for the Following special services:
 - Premium Forwarding Service
 - ii. Certified Mail
 - iii. Registered Mail
 - iv. Insurance
 - v. Collect on Delivery

- vi. Return Receipts
- vii. Delivery Confirmation
- viii. Signature Confirmation
- ix. Special Handling
- x. Confirm
- d. If quality targets are set for some subclasses, special services, and products, but not others, what is the reasoning behind favoring some, by including them in the pay for performance metrics, while excluding others?
- e. Please confirm that subclasses, special services, and products that are included in the pay-for-performance system are likely to receive higher quality service than those that are excluded. If this is not confirmed, then please explain fully.
- f. Please provide all "metrics" that are used to determine pay-for-performance.
- g. List all types of positions that come under the pay-for-performance system. Give the number of individuals for each type of position that comes under the pay-for-performance system.
- h. How are bonuses attributed to **the** particular classes, services. and products that benefit from pay-for-performance? Give specific citations to materials filed in Docket No. R2006-1. If bonuses are not attributed **to** particular classes, services, and products, why not?

RESPONSE:

(a) The following documents are being filed in hard copy form as Library Reference

L-183:

- 1. PFP Process Overview, including Process Overview Diagrams
- 2. PFP Glossary of Terms
- 3. Guidelines Covering Pay-for-Performance for EAS Employees, V.2. October, 2005
- 4. Guidelines Covering Pay-for-Performancefor PCES Employees, V.2, October, 2005
- FY.2006 Pay-for-Performance Program Administrative Rules for EAS Employees, V.2.1. October, 2005
- 6. FY 2006 Pay-for-Performance (PFP) EAS Pay Rules, September, 30, 2005
- 7. Manage Profile, Quick-Start Guide for Employees, V.4, October, 2005
- 8. Manage Profile, Quick-Start Guide for Evaluators, V.4, October, 2005
- Objective-Setting Process, Quick-Start Guide for Employees, V.2, October, 2005
- 10. Review & Approve Objectives. Quick-Start Guide for Evaluators, V.2. October, 2005
- 11. Objective Setting Process: Tips for Employees and Evaluators, V.1, October, 2005
- 12. Excerpt from April 25, 2006 USPS NEWS LINK, Mid-Year Standardization
- 13. Enter Mid-Year Accomplishments. Quick Start Guide for Employees, **V.3**, March, 2006
- Review Mid-Year Accomplishments and Enter Mid-Year Discussion Date, Quick-Start Guide for Evaluators, V.3, March. 2006
- 15. Interim and End-of-Year Ratings: Guidelines for Determining Who Provides These Ratings, V.I, April, 2005
- 16. Frequently Asked Questions (FAQ)

Since the FY2006 end-of-year process guidelines are not yet available, the

following FY2005 end-of-year process documents are included in the Library Reference:

- 17. Enter End-of-Year Accomplishments, Quick-Start Guide for Employees, V.2. September, 2005
- Review End-of-Year Accomplishments and Enter End-of-Year Discussion Date, Quick Start Guide for Evaluators, V.2, September, 2005
- 19. Enter and Submit Recommended Core Requirements Ratings, Quick-Start Guide for Evaluators, V.2. November, 2005
- 20. Conduct Higher-Level Rating Reviews, Quick-Start Guide for Evaluators, V.2, November, 2005
- 21. Ratings: How **Do** Evaluators Review Ratings?

22. Ratings: How Do Employees Review Ratings?

organizational performance Assessment (NPA) is the foundation for measuring organizational performance at the Postal Service at Areas, Clusters, and individual units, such as a post office. Express Mail, Priority Mail (Air and Surface), and First-Class Mail (overnight, 2-Day, & 3-Day) are all measured as corporate indicators in NPA. All reports and all NPA measured units are measured on corporate indicators at the cluster, area, or national level. These service indicators account for 40 percent of the corporate score. All units are also measured on a set of unit indicators more specific to their unit type (such as retail revenue for a retail unit). The corporate score contributes from between 30 percent and 70 percent of the final NPA score, depending on unit type. The combination of corporate and unit indicator results is the final NPA composite score which is submitted for compensation consideration

Parcel Select Service Performance is a unit indicator and is measured on units that have been identified as having a direct impact on its performance. The total weight of this indicator towards the fina! NPA score is between 1.5 percent and 5 percent.

Different positions eligible for participation in the Pay-For-Performance (PFP) program have individual NPA ratings based on different weights applied to the measures that they have the greatest potential to impact. At the end of the year, me final NPA score for each eligible position is sent to the Performance Evaluation System (PES) where core requirement results are factored in **to** the overall PFP rating. The final NPA score contributes 80 percent of the final PFP rating **for** postmasters and 70 percent for all other employees.

- In certain functions of the field organizations, some employees are assigned individual core requirements specific to these special services. Specifically, field functional organizations such as Computerized Forwarding Unit, Mail Processing, Operations Support/In Plant Support and District Customer Services all have predetermined core requirements that tie to the services referenced in this section. In the National Performance Assessment (NPA) component of PFP, Delivery Confirmation/Signature confirmation are combined for a single unit indicator and are measured on units that have been identified as having a direct impact on Delivery Confirmation/Signature Confirmation performance. The total weight of this indicator towards the final NPA score is between 1.5 percent and 7 percent
- drive desired behavior towards performance improvement. Each indicator measured in NPA has a weight assignment that is used *to* calculate the final NPA score. The fewer indicators assigned *to* any one unit type, the more weight they will carry, and the more attention they are likely to receive. To ensure all measured indicators receive appropriate attention, NPA assigns no more than 12 unit indicators to any one unit type. To stay within this indicator number limit, only those indicators identified as needing the most improvement or identified as contributing most to the success of the organization are included in the measurement system.

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- (e) Not confirmed. Postal managers continue to use the Daily Mail Condition
 Reporting system and Customer Service Daily Reporting system to report all mail on
 hand and the delayed status of all mail classes. Postal employees take pride in
 providing our customers the best service possible. Indicators measured in the
 performance assessment system are identified as needing the most attention for
 improvements. These indicators help direct management attention to areas of
 performance improvement opportunities. Focusing attention on such opportunities does
 not mean that focus is lost on providing our customers the best possible service in every
 category, including those which already meet high levels.
- (f) A brief synopsis is provided below. Additional information on the specifics can be found in the above documents, specifically. Guidelines Covering Pay-for-Performance for EAS Employees and Guidelines Covering Pay-for-Psformance for PCES Employees.

Relative to each specific pay package and position type. EAS employees and evaluators focus on the contributions in the employee's line-of-sight or influence when setting a pre-determined number of Core Requirements and behavioral indicators for the fiscal year. Corporate/unit indicators are identified in the National Performance Assessment (NPA) system. NPA tracks actual performance against these indicators.

During the Rating Assignment phase of the Pay-for-Performance process, evaluators assign Core Requirement ratings to the employee. To determine an employee's overall performance rating, for employees rated on corporate/unit indicators, the aggregate results of **the** evaluation process—including core requirements ratings

and corporate/unit indicators—are used to determine one overall numeric rating.

Headquarters and Headquarters-Related Unit employees are not rated on corporate/unit indicators. The overall performance rating determines the employee's compensation for the following year.

- In general, eligible positions for PFP include approximately 75,000 non-bargaining employees. That includes about 33,000 supervisors and managers, 25,000 postmasters and installation heads, 9,000 professional-administrative-technical employees, 1400 area office employees and 7,000 headquarters and HQ field support units. Certain positions are excluded from the program for a variety of reasons e.g., bargaining-unit employees, casual employees, employees in structured development programs, and employees in pay systems with different statutory compensation mandates. Excluded positions are listed in the FY2006 Pay-for-Performance Program Administrative Rules for EAS Employees, V.2.1, October, 2005.
- (h) The Pay-For-Performance program is not a 'bonus' program as referred to in other governmental sectors. Pay-For-Performance is the sole source of annual pay increases for eligible employees. There are no general increases, locality pay premiums, or automatic step increases. PFP participants get one salary increase based on PFP results. The salary increase is made within a market-based salary structure that is compressed by the statutory salary cap. For most PFP participants, if any part of the salary increase is impacted by the grade maximum, that portion of the award is converted to a lump sum payment. Because the PFP costs are included in employee

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

compensation, the PFP costs are distributed to classes and subclasses of mail and special services in the same proportions as employee compensation,

OCA/USPS-96. Please refer to the response to interrogatory OCAIUSPS-16. The question framed by OCA in part c. of the interrogatory sought a percentage breakdown of all consumer complaint categories. The answer provided broke down the complaint data into very broad categories. One category in particular, "delivery and/or mail pickup," comprises 89 – 90 percent of all complaints submitted. It appears possible from the further breakdowns provided in response to parts e., f., g., i., and j., that the broad category "delivery and/or mail pickup" can be further subdivided. **OCA** seeks such **a** further breakdown by means of this follow-up interrogatory.

- a. Please break down the "delivery andlor mail pickup" complaints into the 15 most numerous types of subcategories. in order of frequency.
- b. Please provide the number of complaints for each of the 15 subcategories.
- c. For the 15 subcategories, state each subcategory's share of the "delivery andlor mail pickup" broad category.
- d. How does the Postal Service construct its complaint categories by means of a coding system? A word "search" or "find"? Please explain. If a coding system is used, please provide a general description of the coding rules and procedures.

 Also provide the actual coding "rules."

RESPONSE:

(a)-(c)

There are 12 subcategories within the Delivery/Mail Pick-up complaint category. Please note that some complaints may fall under multiple subcategories, and thus each subcategory's share of the Delivery/Mail Pick-up category is an approximation. In addition, the ranking of the subcategories by frequency varies by the fiscal year andlor quarter. The subcategories, and the corresponding data, are as follows:

The Change of Address subcategory covers complaints related to mail forwarding and change of address orders. In FY 2005, 570,636 complaints fell into this subcategory (24.08% of total). In FY 2006, 'I17.417 complaints fell into this subcategory during the 1st Quarter (20.01% of total), 99,900 during the 2nd Quarter (17.28% of total), and 88,141 during the 3rd Quarter (18.10% of total).

The Damaged Mail subcategory covers complaints related to uninsured, damaged mailpieces and packages. In FY 2005, 99,712 complaints fell into this subcategory (4.21% of total). In FY 2006, 27,057 complaints fell into this subcategory during the 1st Quarter (4.61% of total), 29,944 during the 2nd Quarter (5.18% of total), and 24.811 during the 3rd Quarter (5.10% of total).

The Delay subcategory covers complaints that arise when a customer receives an item after the service standard. In FY 2005, 116,979 complaints fell into this subcategory (4.94% of total). In FY 2006, 30,655 complaints fell into this subcategory during the 1st Quarter (5.22% of total), 33,747 during the 2nd Quarter (5.84% of total), and 26.117 during the 3rd Quarter (5.36% of total).

The Did Not Receive Mail subcategory covers complaints that arise when a customer's mail arrived with missing contents, was stolen, or was vandalized. In FY 2005, 514.614 complaints fell into this subcategory (21.72% of total). In FY 2006. 161.588 complaints fell into this subcategory during the 1st Quarter (27.54% of total), 168.634 during the 2nd Quarter (29.17% of total), and 135,921 during the 3rd Quarter (27.91% of total).

The Mail Fraud subcategory covers complaints related to reported activities that use the mail to defraud the Postal Service or its customers. In FY 2005. 6.968 complaints fell into this subcategory (0.29% of total). In FY 2006. 1,435 complaints fell into this subcategory during the 1st Quarter (0.24% of total), 1,353 during the 2nd Quarter (0.23% of total), and 1,310 during the 3rd Quarter (0.27% of total).

The Mail Pick-Up subcategory covers complaints related to outgoing mail that was not picked up. In FY 2005, 37,220 complaints fell into this subcategory (1.57% of total). In FY 2006, 8,939 complaints fell into this subcategory during the 1st Quarter (1.52% of total), 9.498 during the 2nd Quarter (1.64% of total), and 8,328 during the 3rd Quarter (1.71% of total).

The Mail Returned to Sender subcategory covers complaints arising from instances where mail is returned, but the customer states the address is valid. In FY 2005, 231,017 complaints fell into this subcategory (9.75% of total). In FY 2006, 50.908 complaints fell into this subcategory during the 1st Quarter (8.68% of total), 62,524 during the 2nd Quarter (10.82% of total), and 54,326 during the 3rd Quarter (11.16% of total).

The Misdelivery subcategory covers complaints related to mail that was not delivered as addressed. In FY 2005. 269,664 complaints fell into this subcategory (11.38% of total). In FY 2006. 64,584 complaints fell into this subcategory during the 1st Quarter (11.01% of total), 67.848 during the 2nd Quarter (11.74% of total), and 56,188 during the 3rd Quarter (11.54% of total).

The No Delivery subcategory covers complaints that arise when no mail is received for two business days, or if it is a regular occurrence on a certain day of the week. In FY 2005, 364,425 complaints fell into this subcategory (15.38% of total). In FY 2006, 74,418 complaints fell into this subcategory during the 1st Quarter (12.68% of total), 65,712 during the 2nd Quarter (11.37% of total), and 58,261 during the 3rd Quarter (11.96% of total).

The Requested Service subcategory covers complaints related to problems with any service requested by a customer. In FY 2005, 85.939 complaints fell into this subcategory (3.63% of total). In FY 2006, 21,519 complaints fell into this subcategory during the 1st Quarter (3.67% of total), 20,981 during the 2nd Quarter (3.63% of total), and 22,011 during the 3rd Quarter (4.52% of total).

The Time of Delivery subcategory covers complaints related to late delivery of items. In FY 2005, 66,244 complaints fell into this subcategory (2.80% of total). In FY 2006. 26,951 complaints fell into this subcategory during the 1st Quarter (4.59% of total), 16,177 during the 2nd Quarter (2.80% *of* total), and 9,873 during the 3rd Quarter (2.03% of total).

The Unsolicited Mail subcategory covers complaints that arise when customers receive mail that they did not request. In FY 2005, 5,951 complaints fell into this subcategory (0.25% of total). In FY 2006, 1,320 complaints fell into this subcategory during the 1st Quarter (0.22% of total), 1.707 during the 2nd Quarter (0.30% of total), and 1,677 during the 3rd Quarter (0.34% of total).

(d) There is no formal coding system for customer complaint categories and there are no coding rules. Rather, there are general guidelines on what type **of** complaint corresponds to each subcategory. which are fairly self-explanatory, based on the title **of** each subcategory. For example, the guideline for "Misdelivery" instructs that the subcategory applies to "Mail that was not

delivered as addressed," and the guideline for "Mail Pick-Up" states that the subcategory applies if "Outgoing mail was not picked up."

RESPONSE OF UNITED STATES POSTAL SERVICE TO POIR NO.II, QUESTION 5

5. In response to POIR **9**, Question **6a**, witness Bozo slates that **"[t]he** discussion of subclass cost changes in USPS-T-46. Section **IV**.C (pages 31-41) is largely applicable both to the Postal Service and Commission costing methods." He then identifies several major differences and **claims** that such differences appear to stem from the Commission's methodology for distributing mixed tallies. Please provide a revised version of USPS-LR-L-100employing the Postal Service methodology of distributing mixed tallies using IOCS item and container information. Please show the impact of changing this methodology on test year subclass unit cost.

RESPONSE:

Please see USPS-LR-L-178which contains: i)the modified worksheets for Parts 2 and 5 of USPS-LR-L-100, arid ii) the rerun Base Year files based on the inputs from these modified worksheets.

The modifications to the LR-L-100 worksheets address a major source of differences in the derivation of mail processing distribution keys identified by witness Bozzo (USPS-T-46) in his revised response to POIR No. 9, Q.6. The data shown in these worksheets accordingly reflect the USPS treatment of both mixed mail tallies and not-handling tallies in the PRC allied cost pools. The PRC version of the Base Year CRA model was rerun using these modified inputs. The Base Year information provided in USPS-LR-L-178 will allow one Io perform the test year cost comparison. The Ease Year unit costs corresponding to the attributable costs in USPS-LR-L-178 appear on the attached sheet.

Base Year 2005 CRA (PRC Version) Attributable Costs as Modified in Response to POIR No. 11, Question 5

| | :lass Total Attributable | | Volume | Unit Cost |
|------------------------|--------------------------|--------------------|----------------|-----------|
| | No. | cost | | |
| | | (\$000s) | (000s) | (\$0.000) |
| First-Class Mail | | <u></u> | | |
| Single Piece Letters | 101 | 12,360.565 | 43,371,363 | \$0.285 |
| Presort Letters | 102 | 5,192,230 | 49,065,552 | 0.106 |
| Total Letters | 103 | 17,552,795 | 92,436,915 | 0.190 |
| Single Piece Cards | 104 | 559.396 | 2,521,418 | 0.222 |
| Presort Cards | 105 | 227.798 | 3,107,701 | 0.073 |
| Total Cards | 108 | 787,194 | 5,629,119 | 0.140 |
| Total First-Class | 109 | <u>18,3</u> 39,989 | 98,066,034 | _0.187 |
| Priority Mail | 110 | 3,689,330 | 887,462 | 4.157 |
| Express Mail | 111 | 555,647 | 55.47 5 | 10.016 |
| Mailgrams | 112 | 2,049 | 1,896 | 1.080 |
| Periodicals | | | | |
| Wilhin County | 113 | • | 762.673 | 0.105 |
| Outside County | 117 | | 8,307,330 | 0.293 |
| Total Periodicals | 123 | 2,515,173 | 9,070,003 | 0.277 |
| Standard Mail | | | • | |
| Enhanced Carr Rte | 126 | 2,827,442 | 35,023,418 | 0.081 |
| Regular | 127 | 8,651,562 | 65,918,674 | 0.131 |
| Total Slandard Mail | 135 | 11,479,004 | 100,942.091 | 0.114 |
| Package Services | | | | |
| Parcel Post | 136 | 1,175,575 | 387.800 | 1 |
| Bound Prinled Malter | 137 | | 583,774 | |
| Media Mail | 139 | 429,448 | | |
| Total Package Services | 141 | 2,142,506 | | |
| U.S. Postal Service | 142 | 451.348 | 621.283 | |
| Free Mail | 147 | 59.961 | 81.306 | |
| International Mail | 161 | 1,508,882 | 852,267 | |
| Total All Mail | 162 | 40,743,889 | 211,743,347 | 0.192 |
| Special Services | | | | 1 |
| Registry | 163 | | | 18.423 |
| Certified | 164 | 410.265 | 261.144 | _ |
| Insurance | 165 | | i ' | |
| Cod | 166 | | 1,499 | |
| Money Orders | 168 | | | |
| Stamped Cards | 159 | | | |
| Stamped Envelopes | 169 | | | |
| Special Handling | 170 | | | |
| Post Office Box | 171 | | | |
| Other | 172 | | | |
| Total Special Services | 173 | | | |
| Total Volume Variable | 198 | | | 1 |
| Other Costs | 199 | | | |
| Total Costs | 200 | 68.547.660 | 213,198,065 | NIA |

INSTITUTIONAL RESPONSE OF THE UNITED STATES POSTAL SERVICE TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 12

8. In Docket No. R2001-1, the PRC issued Notice of Inquiry No. 1 Concerning Proposed DMCS Changes on February ■ 2002. The NOI sought comments on reorganizing the DMCS special services sections because the organization of and information in those sections are inconsistent. On February 13. 2002, the Postal Service submitted its Notice of the United States Postal Service Withdrawing Proposals and Submitting Revised Stipulation and Agreement. stating on page 3, * ... we believe that [the PRC's] proposals. as well as the Postal Service's views, raise significant issues that should be explored in a constructive dialogue in a future case, either before or during the next omnibus rate case." Four years have passed without a response from the Postal Service regarding the issues broached in the NOI. Are there valid reasons for not reorganizing the DMCS special services sections as proposed in the NOI?

RESPONSE TO QUESTION 8:

Summary

Notice of Inquiry No. 1/R2001-1 (NOI) identified significant issues for special services and presented meritorious suggestions. Notwithstanding while the Postal Service agrees with some of the Commission's views, it believes that the structured approach outlined in the NOI for governing combinations of special services would not be entirely beneficial to mailers, the Commission or the Postal Service.'

The same issues raised by the NOI were the subject of discussion in the context of Docket No. MC2002-1,² regarding Confirm service. The Postal Service Comments in that docket explained how and why specifying allowable special service combinations in the DMCS was contrary to customer and Postal Service interests. The Comments

Benefits to mailers and Ihe Postal Service largely arise from having flexibility when facing new challenges and opportunities. Aside from enhancing the value of the mail through that flexibility, the primary benefit to the Commission is an efficient mechanism Ihat preserves its important role in the scheme for classification changes. In light of the busy state of the Commission's dockets in the current environment, a more streamlined approach might be particularly welcome.

² See Comments of United States Postal Service on Notice of Inquiry No. 1 Concerning Proposed DMCS Changes (June 7.2002).

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expressed the Postal Service preference for limiting DMCS language regarding allowable special service combinations to respective prerequisites. noted that customers typically look to the Domestic Mail Manual (DMM) rather than the DMCS for allowable combinations of special services, and provided an example where DMCS language delayed, until after classification changes could be implemented, a new combination of Insurance and Merchandise Return Service. In any event, that docket focused upon Confirm service and accordingly did not provide a suitable forum for a more comprehensive exploration of where allowable special service combinations should be specified.

POIR **No.** 12. question 8, highlights the Commission's continuing concern about how control over the allowable combinations of special services should be exercised. This response attempts to present additional suggestions responsive to that concern.

Flexibility *In* The Face Of New *Challenges*Enhances The Value Of The Mail.

The Postal Service continues to believe that the interests of mailers, the Postal Service, and the Commission would best be served by flexibility that would facilitate innovation in the offering of special services. As in the past, technological and other changes could lead to new opportunities for existing special services to meet the needs of mailers. If a mailer or the Postal Service were to identify a way to enhance the value of using the mail by finding a new, innovative way to combine special services, the need to resort to a mail classification case – which takes several months to prepare, litigate.

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approve and implement – could discourage the new approach.³ In some circumstances, the customer might seek an alternative carrier. or simply choose to forgo the innovation. In other situations, an innovative combination of existing special services presented in a filing with the Commission could induce other carriers to introduce the type of service being sought ahead of the Postal Service, during the time it would take to pursue a formal proceeding to its conclusion. In any event, requiring a mail classification case just to combine postal services certainly postpones and may deny altogether a customer the opportunity to improve the value of the mail because of the need to litigate a case: the structure of such an approach could be viewed as impractical and inefficient, and, in effect. not businesslike.

Limiting the available combinations of special services by specifying those allowed (among the many hundreds of thousands of possibilities) in the DMCS would also ignore the Postal Service's consistent experience that the Domestic Mail Manual (DMM) is the written source most commonly used by customers when looking for information on what special services are available and when they can be used. Three versions of the DMM have recently been redesigned to provide clarity to respective customer groups using easy-to-understand language. DMM 100, A Consumer's Guide *lo Mailing*, is a 24 page guide tailored specifically to consumer needs; pages 8-9

³ The Commission's Rules of Practice provide a range of options for expedited Commission consideration of non-NSA classificationchanges, the most rapid of which is a minor classificationcase pursuant to 39 C.F.R. §3001.69 el seq. The most recent such case. Docket No. MC2006-5, nonetheless required many months. A proposal was prepared, vetted internally by management and discussed with customers, and eventually approved for filing by the Board of Governors. Only then was the formal request filed; after expeditious consideration by the Commission, the dassificatii change was implemented more than three months after filing the request.

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describe the major retail special services. DMM 200, An *Introduction* for Businesses and *Organizations*, is a 93 page guide providing a basic understand for larger mailers: pages 12-13 describe the retail special services. DMM 300, Mailing Standards of the United States Postal Service, is a several hundred page compendium. DMM 300 also includes a Quick Service Guide (available separately as Publication 95). which presents on two pages a complete listing of the combinations available for the retail special services

By contrast, the DMCS is in essence a legal document, not designed for everyday use by typical customers. The need for formal legal structure in the DMCS often makes it difficult to use by those unaccustomed to interpreting legal documents. If the Cornmission and the Postal Service want to ensure that mailers know what combinations of special services are available, the appropriate place to provide this information is not where a lawyer would look, but where working professionals in the mailing industry (in other words, the people making decisions about what special services to use) would look, namely, the DMM

Commission Control Over Allowable Combinations of Special Services Can Be Accommodated Through Means Other Than a List of Allowable Combinations in the DMCS That Could Only Be Changed Via *a Classification* Case.

The Postal Service believes it is in the best interests of all parties involved for the Postal Service and the Commission to work together to resolve inconsistencies or potential conflicts between their views, and to preserve the **most** important goals embodied in their respective approaches. In this regard, the highly structured R2006-1

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procedures and timing of an omnibus rate case are probably not the best context for detailed discussions, comments, and responses likely to lead to resolution of the issues. This point was also made in connection with Docket No. **R2001-1**, and the Commission rightly points out that little progress has been made since then. To the extent a successor Notice of Inquiry is necessary and appropriate to elimination of inconsistencies within the DMCS, or to unambiguous identification of prerequisites to the use of respective special services, the instant docket is an appropriate context for doing so.

Fortunately. however, other mechanisms could be devised that would constitute a compromise among the competing objectives embodied in, on one hand, the maximum flexibility afforded by change only through the DMM, and, on the other hand, the perhaps inefficient or impractical approach requiring formal change of DMCS language. For example, if Commission rules required a reasonable period of advance notice prior to publication of a DMM change altering allowable special service combinations. the Commission could indicate assent by not taking affirmative action or, when significant concerns are implicated, the Commission could initiate a classification proceeding pursuant to section 3623 for exploring those concerns.

An alternative approach might involve permitting the Postal Service to change the combinations of special services through the DMM, followed by a formal review of the change at a subsequent date, either in an omnibus rate case, or, if the Commission were to determine the need, a classification case.

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Either of these mechanisms, or some other approach that harmonizes the Commission's interest in specifying the allowable combinations of special services, could be incorporated in the Commission's rules.. While the Postal Service would lean toward an approach that affords maximum flexibility, it suggests that the pursuit of proposals for a system governing special service combinations would best be accomplished by severing the issue from the current proceeding and raising it in a rulemaking proceeding to be initiated by the Commission. In light of the level of activity in Docket No. R2006-1, and the other proceedings pending at the Commission. a rulemaking would best be initiated following conclusion of this docket. Alternalively, the Commission could initiate it in the near future and provide a procedural timetable that navigates a reasonable course through the schedules of the pending proceedings

⁴ The Postal Service could also consider engaging in informal discussions with the Commission's technical staff, after the conclusion of the current rate case, as a preliminary stage in the process of exploring alternative approaches.

R2006-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO PRESIDING OFFICERS INFORMATION REQUEST NO. 12, QUESTION 9

9. Why is insurance bought in conjunction with Return Receipt for Merchandise being limited Io \$200.00 or **less** when it appears no limit existed previously? USPS-T-40 at 24. Please provide DMCS language to reflect this new limit.

RESPONSE:

For consumer protection reasons, the combination of return receipt for merchandise with insurance is limited to insurance for which the recipient's signature is not obtained. Customers who purchase insurance for which a signature is obtained would pay more but get no extra value from purchasing return receipt for merchandise, rather than regular return receipt service. This limitation is present in DMM sections 503.4.2.4c and 503.8.2.4b.

For the reasons expressed in the Postal Service's response to POIR No. 12. Question 8, the Postal Service does not support a DMCS provision concerning this combination of special services. Bul if DMCS provisions were required, they would be added to the DMCS sections for both insurance (943.251) and return receipt for merchandise (945.241), listing a new combination for return receipt for merchandise and insurance, for items insured up to \$200 only. This exemplifies the unwarranted complexity of including all special service combinations in the DMCS.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO PRESIDING OFFICER'S INFORMATION REQUEST (POIR) No. 5

- 10. In response to question 3 of POIR 2, the Postal Service states that "[i]n Docket No. R2006-1, neither the ENCIRCLE program in the PRC version nor the corresponding portion of the ENCIRCLE program in the USPS version is used." Examining the Postal Service version of the mail processing SAS programs shows that SAS program MODIPOOL in USPS-LR-L-55 utilizes the encirclement rules. The documentation of USPS-LR-L-55 also references using the encirclement rules. See Attachment 3.
 - Please provide the rationale for removing the encirclement rules from the PRC version, but including them in the USPS version.
 - b. Provide a revised PRC version of USPS-LR-L-100 if encirclement rules should have been included in *the* PRC version and the deletion of the encirclement program was an oversight.

RESPONSE

a. A comparison of the ENCIRCLE programs for both USPS and PRC versions in Docket No. R2005-1 shows that the encirclement SAS codes in the USPS version consist of two parts: the first part essentially corresponds to the ENCIRCLE program in the PRC version, and the second part is used only in the USPS version and is not included in the PRC version (see the section of the SAS codes towards the end of the ENCIRCLE.rtf file, starting after the asterisked line in the attached CD of USPS-LR-K-55. under the SAS Programs directory).

It is both the first part of the USPS ENCIRCLE program and the PRC ENCIRCLE program in Docket No. R2005-1 which are not used in Docket No. R2006-1 (see the Postal Service response to POIR No.2, question #3 for the explanation of why those encirclement rules are not used in the PRC version; the same explanation applies to the USPS version).

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO PRESIDING OFFICER'S INFORMATION REQUEST (POIR) No. 5

Only the second part of the USPS ENCIRCLE program filed in Docket No. R2005-1 makes up the USPS ENCIRCLE program which is used in this Docket (see the SAS codes in the ENCIRCLE.rtf file in the attached CD of USPS-LR-L-55. under the MODS subdirectory of the SAS Programs directory). The SAS codes in the USPS ENCIRCLE program have been used since Docket No. R2000-1. They have never been incorporated in the PRC version since the Commission's acceptance of these changes cannot be presumed, particularly when a review of the Commission's spreadsheets in Docket No. R2001-1 indicates no change. Those SAS codes account for the differences in the treatment of Special Services between the USPS version and the PRC version which are reported in this Docket and in Docket No. 2005-1 under Section D.3 of USPS-T11 in compliance with the Rule 53 requirements.

b. See the response to a) above. The deletion of the program is not an oversight.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO PRESIDING OFFICERS INFORMATION REQUEST (POIR) No. 5, Question 11 Header Revised September 11,2006

11. Please provide a copy of the current version of the Postal Operations Manual (POM).

RESPONSE

Please see library reference USPS-LR-L-149, Postal Operations Manual, Issue 9

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY OF UNITED PARCEL SERVICE

UPS/USPS-4. Refer to your response to UPS/USPS-T15-2, redirected from witness Kelley. In that response, the Postal Service provided a table containing estimates of the pieces, pounds, and cubic feet **of** mail, by mail class, transported under the FedEx contract during FY 2005.

- (a) Do the estimates in that response include both the **Night-turn** mode and the Day-turn mode, **ar** only the Day-turn mode?
- (b) If the estimates include both the Night-turn and the Day-turn. please provide estimates of the pieces, pounds, and cubic feet of mail, by mail class, transported on the Day-turn mode, and separate estimates of the pieces, pounds, and cubic feet of mail, by mail class, transported on the Night-turn mode.
- (c) Provide Ihe same data as Is requested in paragraph (b). above, separately for FY 2002, FY 2003, and FY 2004.

RESPONSE:

- (a) Yes The table includes both the Night-turn and the Day-turn.
- (b)-(c) Estimates of pieces, pounds and cubic feel of mail by mail class transported for years FY 2002 through FY 2005 are provided in the tables on the following pages.

Cubic feet are not tracked for the Night-turn

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Response to UPS/USPS-4

Network Air Estimated Pounds Years 2002-2005

| Mode | Category | Pounds FY02 | Pounds FY03 | Pounds FY04 | Pounds FY05 |
|------------|--------------------|----------------|----------------|----------------|----------------|
| Day Tum | First Class Mail | 229.6\$2,587 | 356.317,509 | 436,236,198 | 422,543,675 |
| | Domestic Priority | 797,965,751 | 753,555,426 | 794,181,864 | B36,346,738 |
| | Domestic Express | 3,312,948 | 5,588,066 | 6,356,417 | 10,571,476 |
| | Periodicats | 7,972,141 | 10,462,772 | 13,654,561 | 15.360,225 |
| | Standard Mail | 10,312,358 | 13,920,686 | 23,363,525 | 21,188.260 |
| | Package Services | 7,220,690 | 6,303,453 | 9,131,071 | 9,791,086 |
| | USP\$ Mail | 2,385,815 | 3,938,517 | 4,312,744 | 7,892,981 |
| | Free Mail | 459.498 | 1,501,675 | 1,577,274 | 1,568,650 |
| | International | 18.610.405 | 23,304,465 | 31,423,882 | 31,949,037 |
| Night Turr | r First Class Mail | 2,499,361 | 7.112,637 | 3,348,476 | 2,252,601 |
| - | Domestic Priority | 1,433.963 | 2,143,772 | 837.515 | 197.411 |
| | Domestic Express | 43,321,171 | 45,679 018 | 42,170,471 | 43,952,973 |
| | Periodicals | 11.362 | 2 161.285 | 313,842 | 231.093 |
| | Standard Mail | 16,109 | 270,150 | 429.077 | 389.688 |
| | Package Services | 5.224 | 32.446 | 30,041 | 29,654 |
| | USPS Mail | 46.869 | 634.696 | 1,069,783 | 3,150,399 |
| | Free Mail | O |) (|) (| 229 |
| | International | 11,567,743 | 10,742,159 | 23.054,275 | 26.5H9.103 |

Response to UPSIUSPS-4

Network *Air* Estimated Pieces lor Years 2002-2005

| Mode | Category | Pieces FY02 | Pieces FY03 | Pieces FY04 | Pieces FY05 |
|------------|-------------------|----------------|----------------|----------------|----------------|
| Day Turn | First Class Mail | 3,986,435,933 | 6,809,552,956 | 7,435,688,299 | 7,090,053,101 |
| | Domestic Priority | 367,966,383 | 341,878,872 | 329,317,081 | 347.318.752 |
| | Domestic Express | 2,975,626 | 1.915.105 | 2,187,469 | 7,288,407 |
| | Periodicals | 16,627,491 | 25,263,442 | 29.747.751 | 33,525,787 |
| | Slandard Mail | 95,816,288 | 152.399.559 | 266,887,422 | 238,329,231 |
| | Package Services | 4,168,877 | 3,360,651 | 5.352.574 | 5,753,569 |
| | USPS Mail | 12,047,280 | 10.243.643 | 40.392.257 | 53,635,348 |
| | Free Mail | 678.848 | 7,025.736 | 2,771,364 | 3,603,881 |
| | International | 35,986,423 | 51,747,292 | 57,296,002 | 49,451,340 |
| Night Turr | First Class Mail | 46.01 1.550 | 158,209,129 | 66,364,574 | 48,990,891 |
| | Domesti Priority | 795.396 | 642,639 | 273.981 | 105.282 |
| | Domestic Express | 28.1 18.486 | 5 35,263,486 | 19,604,084 | 21.416.977 |
| | Periodicals | 125.066 | 220.494 | 747.835 | 5 523.868 |
| | Slandard Mail | 332.072 | 1,378,857 | 4,958,093 | 4,390,971 |
| | Package Services | 2.620 | 58.489 | 15,167 | 7 18,471 |
| | USPS Mail | 6,015 | 86.619 | 271.067 | 796.216 |
| | Free Mad | 0 | 15.436 | 5 0 | 2.417 |
| | International | 6,910,083 | 3 4.491.957 | 9.110.667 | 7 12,098,991 |

Response to UPSIUSPS-4

Network Air Day-Turn Estimated Cubic Feel faYears 2002-2005

| Mode | Calegory | Cubic Feel FY02 | Cubic Feel FY03 | Cubic Feel Fro4 | Cubic Feel FY05 |
|---------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Day Tun | n First Class Mail | 25,554,581 | 34,929,609 | 43,995,486 | 45,474,064 |
| | Domestic Priority | 144,129,098 | 139,025,189 | 144,785,083 | 161.733.521 |
| | Domestic Express | 395,262 | 531.956 | 778,605 | 1,032,523 |
| | Periodicals | 1,095,698 | 1,085,156 | 1,629,204 | 1,740,564 |
| | Standard Mail | 1,272,953 | 1,388,973 | 2,537,688 | 2,225,172 |
| | Package Services | 1,192,240 | 900.973 | 1,370,828 | 1 555.935 |
| | USPS Mad | 405,560 | 692,237 | 706.563 | 1,323,682 |
| | Free Mail | 83,643 | 166.376 | 240.238 | 240.345 |
| | International | 2,812,158 | 3.401.480 | 4 363 195 | 5.126.497 |

Please refer to **POIR** No. 4, and the 2004 City Carrier Street Time Study ("CCSTS") referred to in Questions 4 through 10 thereof. With respect to the 2004 CCSTS:

- a. Over what time period were the data collected?
- **b.** How many ZIP areas did the study include?
- c. How many carrier routes did the study include?
- d. What was the total number of observations (route-days) in the study prior to any editing?
- *e*. Of the **ZIP** areas included in the 2004 study, what percentage also was included in the 2002 study? That is, what was the extent of overlap, if any. between the ZIP areas and routes in the 2002 CCSTS and the ZIP areas and routes in the 2004 CCSTS?

Response:

- a. April 17. 2004 April 30, 2004.
- b-d. The 2004 Survey included 122 Zip Codes encompassing 3,595 routes These routes recorded scans over a total of 35.238 route days.
- e Of the 122 Zip Codes in the 2004 survey, 7, or 5.7%. were included in the 2002 CCSTS. Of the 3,595 routes, 432 or 12% were included in the 2002 CCSTS.

VP/USPS-T14-14.

With respect to the CCSTS discussed in your response to VP/USPS-T14-12:

- a. Were the raw data from the 2004 CCSTS edited in any way?
- b. **If** your response to part a is in the affirmative, over what time period were the data edited?
- c. Was the editing process completed? If so, when?
- d. Were the criteria used to **edit** the 2002 CCSTS also **used** to edit the 2004 CCSTS? If not. please describe each way in which the criteria used to edit the 2004 CCSTS differed from the criteria used to edit the 2002 CCSTS.
- e. How many observations were deleted. or rejected, from the 2004 CCSTS. and what were the bases for such rejections?
- f. What was the total number of usable observations (route-days) in the study after all editing was complete?
- g. If size or quality of the edited data base from the 2004 CCSTS differed materially, or in any critical way, from the size or quality of the edited data base in the 2002 CCSTS. please describe all such differences.

Response:

a-c. Yes. As was the case in the 2002 CCSTS. some of the records on the scan-time file received from the field reported route numbers did not match up with route numbers on the volume and possible delivery files. These mismatches were reported to the delivery units, and. in many cases, the route number conflicts were subsequently resolved. This resulted in changes to the scan-time file route numbers that allowed them to be successfully matched with corresponding volume and possible-delivery records. This editing was implemented over various time periods beginning in April 2004. The editing effort ceased in August 2006.

d. Yes

- e. 9.294 observations were deleted prior to the formation of the regression datasets. Of these, 499 were deleted because they were exact duplicates of immediately preceding records. Another 8,795 were deleted as a result of the following problems: not matching up with volume and possible delivery records; from the deletion of Zip Codes that failed to provide any data on sequenced mail volumes, parcel-accountable volumes, or route density; and from the deletion of ZIP Codes that failed to report scan-time records and parcel-accountable volumes for more than a very small percentage of their total routes.
- f. 25.944
- g As shown below, the 2004 Survey is smaller.

2002 Survey

Regulardelivery regression dataset. 1.545 ZIP-dates, 145 ZIPs

Parcel-accountable regression dataset: 1,535 ZIP-dates, 149 ZIPs

2004 Survey

Regulardelivery regression dataset: 1.239 ZIP-dates, 104 ZIPs

Parcel-accountable regression dataset: 1,294 ZIP-dates, 112 ZIPs

VP/USPS-T14-18

This interrogatory relates to the 2004 survey data for updating the CCSTS to be discussed in your forthcoming response to **POIR** No. 4, items 4 to 12. The purpose of this interrogatory is to inquire about the data for sequenced mail data in that data set.

- a. What was the total number of observations in the CCSTS data set used for the carrier street time cost variability model (*i.e.*, that is. the number of observations after completion of all editing)?
- **b.** In how many of those observations was the volume of sequenced mail greater than zero?
- c. In how many of those observations was the volume of sequenced mail equal to zero?

Response:

- a. The regular delivery equation was estimated on 1.239 observations.
- b. 642
- c. 597.

VPIUSPS-T14-19.

Please compare your responses to preceding interrogatories VP/USPS-T14-14 and 17. and discuss the extent to which the data for sequenced mail in the 2002 and 2004 data sets differ, including whether the differences are statistically significant.

Response:

The nature of the question is unclear. As presented in the response to POIR No 4, Item 11, the mean sequenced volume per ZIP Code day is 3,528.40 in the 2002 CCSTS and 3,641.89 in the 2004 survey. Investigating whether the difference in those mean values (approximately 113) is statistically significant can be done by applying a two-sample two tailed t-test with unequal variances. This statistical test assumes that the sample means are normally distributed but since the sample sizes are so large, the sampling distribution of the sample means approaches a normal distribution by the Central Limit Theorem. The nuil hypothesis and corresponding 1-statistic needed for the test are the following:

$$\begin{split} H_0: \overline{X}_{seq(2004)} &= \overline{X}_{seq(2002)} \\ H_A: \overline{X}_{seq(2004)} &\neq \overline{X}_{seq(2002)} \\ I_{stat}^t &= \overline{X}_{seq(2004)} - \overline{X}_{seq(2002)} - \mathbf{0}, \quad where \quad SE = \begin{cases} \frac{S_{-2004(seq)}^2 + \frac{S_{-2002(seq)}^2}{S_{-2004(seq)}} + \frac{S_{-2002(seq)}^2}{S_{-2004(seq)}} \\ \frac{n_{2004(seq)}}{n_{2004(seq)}} & \frac{n_{2002(seq)}}{n_{2002(seq)}} \end{cases} \end{split}$$

¹In cases with mall sample sizes (usually under 30) another calculation is needed to determine the degrees of freedom for the t-distribution. However that has been omitted since the sample sizes are large enough that a standard normal table will be used to find the critical value.

Now applying that formula **at** a five percent significance level to the actual values from 2002 and 2004, one can surmise if there is sufficient evidence to reject the null hypothesis.

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$$t_{stat} = \frac{3,641.89 - 3,528.40}{\sqrt{\frac{(6,164.13)^2 + (6,333.08)^4}{1,239}}} = \frac{113.49}{237.96} = 0.48$$

Source: Descriptive statistics can be found in USPS-LR-L-179.

To see if there is enough evidence to reject the null hypothesis the calculated t-statistic of 0.48 is compared with the corresponding critical value, at the five percent level, from the standard normal table. which is 1.96. Since $|t_{stat}| < t_{critical}$ there is not sufficient evidence to reject the null hypothesis that the mean sequenced volume per ZIP Code day are equal between the 2002 CCSTS and the 2004 survey.